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



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

# **BEYOND DIFFERENCES, TOWARDS COOPERATION**

## **Conference Summary**

19-21 Jan, 2022



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

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# EXECUTIVE SUMMARY

In what has been one of the most challenging years in the history of China-U.S. relations, and against the stark backdrop of the ongoing global pandemic, world leaders gathered virtually January 19-21, 2022, to urge a reconciliation between China and the United States on important global issues. During the forum — themed “Beyond Differences, Towards Cooperation” and hosted by the China-United States Exchange Foundation and the China Center for International Economic Exchanges — more than 30 of the world’s most influential business leaders and political influencers came together to examine these challenges in details, and offered productive and optimistic solutions for the coming year. They noted where and how progress can be made, especially in economic recovery, trade, climate change and fostering people-to-people and cultural exchanges.

The forum featured speeches from past heads of state, including Mary Robinson, former president of Ireland; Jean Chretien, former prime minister of Canada; Yasuo Fukuda, former prime minister of Japan; Goh Chok Tong, former prime minister of Singapore; Helen Clark, former prime minister of New Zealand; and Zeng Peiyan, former vice premier of the State Council of China.

“Year by year, our aim in this forum is to have a thoughtful dialogue on the state of relations between the U.S. and China, the single most important bilateral relationship in the world,” said Dr. Victor Fung, vice chairman of the CUSEF, in his opening remarks. Fung emphasized that despite the seemingly deteriorating political relationship, China and the U.S. have remained highly interdependent economically. The U.S. remains China’s largest export market and one of its largest trading partners.

Despite the challenging period in diplomatic relations, Former Vice Premier of the State Council of China Zeng Peiyan said that this relationship remains key to global success and stability, especially when it comes to strategic issues going forward, and should be underpinned by three principles: mutual respect, peaceful co-existence, and win-win cooperation. “A prosperous and stable China brings opportunities, rather than threats, to the world,” he said.

Speakers and panelists, noting the negative economic impact of the pandemic, said the success of China and the United States is essential in jump-starting global recovery. Former United States Treasury Secretary Jacob Lew explained the risks of inflation, the problem of tariffs and the need for climate change policy. He emphasized “the importance of the U.S. and China finding a pathway back to effective bilateral and multilateral engagement and economic policy for the good of each of our economies and for the sake of the global economy.”

Global supply chain issues are top of mind lately, having greatly affected both the U.S. and China, and consumers in both countries have experienced hardships. Wang Yiming, vice chairman of the CCIEE, discussed three concerns regarding global supply chains: the impact of the pandemic, recent changes in horizontal and vertical integration, and ensuring stability. William Reinsch of the Center for Strategic and International Studies spoke primarily from the American point of view on the supply chain situation, saying that “politicians follow the polls in our country, and they’re taking their own increasingly hard line on China in both parties.” In his view, it’s unlikely that a more cooperative relationship between the U.S. and China will emerge to enhance supply chain and trade issues.

Many speakers, in addition to emphasizing the importance of economic cooperation, mentioned how mutual interest in combating climate change makes this an area in which the U.S. and China can work together. Mary Robinson, the former president of Ireland, discussed how “cooperation between China and the United States was crucial” in securing the 2015 Paris agreement on climate change and the wider UN 2030 Agenda for Development. She emphasized the power that future cooperation could have once again.

Helen Clark, former prime minister of New Zealand, agreed with this sentiment, saying it’s clear that both China and the United States are serious about combating climate change. Clark said that it “doesn’t matter what else our countries might be arguing about, we have to work together. It’s in the interests of humanity. And let’s also face it, both countries, like every country, have an interest in getting this right.”

China’s Special Envoy on Climate Change Xie Zhenhua listed several ways China and the U.S. plan to cooperate to reduce CO2 emissions under the China-U.S. Joint Glasgow Declaration on Enhancing Climate Action. Some areas of mutual cooperation include policies that support the effective integration of a high share of low-cost intermittent renewable energy, energy efficiency, standards to reduce electrical waste, and distributed generation policies that encourage the integration of solar, storage and other clean power solutions closer to electricity users.

The three-day forum ended with a session focused on the significance of people-to-people and cultural exchanges in the China-U.S. relationship. Speakers agreed that while the U.S. and China may face challenges on the political and economic fronts, the potential influence of cultural exchanges should not be underestimated. They have been powerful in the past, as noted by Zhang Xinsheng, former vice minister of education in China and former chairman of the UNESCO executive board. He described how people-to-people exchanges brought more than 30 years of hostility to an end in 1971 with “pingpong diplomacy,” which led to former U.S. President Nixon’s visit to China for a meeting with Chairman Mao Zedong.

Max Baucus, former United States ambassador to China, agreed that despite the challenges faced by the U.S. and China today, there are several areas in which both countries can continue to foster exchanges, such as encouraging positive business interactions and educational exchanges for students.

Wrapping up the event, Forum moderator James Chau, CUSEF’s editor-at-large, relayed to participants his hope that the ideas shared over the three days would transcend the forum. He concluded: “When you talk about values, ideas and ideals, it’s not just words that sound good or have a geopolitical strategy attached to them. They really count, and they really mean something for everybody.”

## CONFERENCE AGENDA

# Hong Kong Forum on U.S.- China Relations Beyond Differences, Towards Cooperation

Date: 19-21 January, 2022 (Hong Kong time)

\*\*\*All times below are shown in Hong Kong time (HKT) \*\*\*

### 19/1/22 Wednesday

#### Opening Ceremony

Event moderator: **James Chau**, Editor At Large, China-United States Exchange Foundation

08:30 – 08:40 Welcoming remarks – **Victor Fung**, Vice Chairman of the China- US Exchange Foundation (CUSEF), Group Chair of the Fung Group

#### Session 1: U.S.-China Relations – Challenges and Next Steps

08:40 – 09:40 6 speeches, 10 mins each

- Speakers:
1. **Mary Robinson**, Chair, The Elders. Former President of Ireland
  2. **Goh Chok Tong**, Emeritus Senior Minister, Former Prime Minister of Singapore
  3. **Jean Chretien**, Former Prime Minister of Canada
  4. **Yasuo Fukuda**, Former Prime Minister of Japan
  5. **Steve Orlins**, President of the National Committee on United States–China Relations
  6. **Zeng Peiyan**, Former Vice Premier of the State Council of China

**Session 2: Global Economic Recovery**

Moderator: **Wang Yiming**, Former Vice President (Vice Minister) of Development Research Center of the State Council, People's Republic of China

09:40 – 10:00 2 keynote speeches, 10 minutes each

1. **Jacob Lew**, Former United States Secretary of the Treasury
2. **Bi Jingquan**, Executive Vice Chairman of China Center for International Economic Exchanges

10:00 – 10:20 4 speeches, 5 minutes each

10:20 – 11:20 Panel discussion

- Speakers:
1. **He Yafei**, Former Vice Minister of Foreign Affairs, People's Republic of China
  2. **Stephen Roach**, Senior fellow at Yale University's Jackson Institute for Global Affairs
  3. **Lawrence Lau**, Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong
  4. **Qian Yingyi**, Professor and former Dean of School of Economics and Management at Tsinghua University

## 20/1/22 Thursday

### Session 3: Trade & Investment

Moderator: **William Fung**, Group Deputy Chairman, Fung Group

08:00 – 08:25 5 speeches, 5 mins each

08:25 – 09:25 Panel discussion

- Speakers:
1. **Charles Boustany**, Former U.S. House of Representatives
  2. **Zhang Xiaoqiang**, Executive Vice Chairman of China Center for International Economic Exchanges
  3. **Peter Wong**, Chairman of The Hong Kong General Chamber of Commerce, Chairman of The Hongkong and Shanghai Banking Corporation Limited
  4. **John Zhao**, Chairman of Hony Capital
  5. **Craig Allen**, President of the US- China Business Council

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### Session 4: Global Supply Chain

Moderator: **Andrew Tung**, Non-Executive Director of Oriental Overseas International Limited (OOIL)

09:25 – 09:45 4 speeches, 5 mins each

09:45 – 10:45 Panel discussion

- Speakers:
1. **David Lampton**, Professor Emeritus & former Hyman Professor and Director of SAIS-China and China Studies at the Johns Hopkins School of Advanced International Studies (SAIS)
  2. **William Reinsch**, Senior advisor and Scholl Chair in International Business, Center for Strategic and International Studies (CSIS)
  3. **Wang Yiming**, Vice Chairman of China Center for International Economic Exchanges
  4. **Zheng Li**, Vice Chairman of China Semiconductor Industry Association, Director and Chief Executive Officer of Jiangsu Changjiang Electronics Technology Co., Ltd



**21/1/22 Friday****Session 5: Cooperation on Climate**

Moderator: **Christine Loh**, Chief Development Strategist at the Institute for the Environment, Hong Kong University of Science and Technology; Former Under Secretary for the Environment in the HKSAR Government.

08:00 – 08:20 4 speeches, 5 mins each

08:20 – 09:20 Panel discussion

- Speakers:
1. **Jeffrey Sachs**, University Professor and Director of the Center for Sustainable Development at Columbia University
  2. **Helen Clark**, Former Prime Minister of New Zealand
  3. **Xie Zhenhua**, China Special Envoy on Climate Change
  4. **Liu Yanhua**, Former Vice Minister, Ministry of Science and Technology; Former Director, National Expert Committee on Climate Change

**Session 6: People and Cultural Exchanges**

Moderator: **James Chau**, Editor At Large, China-United States Exchange Foundation

09:20 – 09:50 6 speeches, 5 minutes each

09:50 – 10:50 Panel discussion

- Speakers:
1. **Max Baucus**, Former United States Ambassador to China
  2. **Charles Foster**, Chairman of Foster LLP; Vice Chair of the George H.W. Bush Foundation for U.S.-China Relations
  3. **Zhang Xinsheng**, Former Chairman of UNESCO Executive Board; President of IUCN (2012.09-2021.09); Former Vice Minister of Education, P. R. China
  4. **Chen Wenling**, Chief Economist of China Center for International Economic Exchanges
  5. **Wang Dong**, Full Professor with Tenure at School of International Studies and Executive Director of Institute for Global Cooperation and Understanding (iGCU), Peking University

\*\* The format of Session 2 to Session 6 consists of speakers' remarks followed by moderated discussions. This Summary records only the individual remarks.





# Opening Remarks



**Dr. Victor K. Fung**

*Vice Chairman of China-United States Exchange Foundation;  
Group Chair of the Fung Group*

First of all, Mr. Tung, Mr. Zeng, excellencies, distinguished speakers, ladies and gentlemen:

Good morning and good evening. On behalf of the China-United States Exchange Foundation and our co-host, the China Center for International Economic Exchanges, it is my great honor and pleasure to welcome you to this third Hong Kong Forum on U.S.-China Relations. I am speaking in place of Mr. Tung, who really wanted to be here. Along with deep apologies, C.H. sends warm greetings to his many friends around the world. He is eagerly following our proceedings by Zoom. We all hope that by this time next year the pandemic finally will have subsided, and we will meet again in person.

Over the next three days, we will be joined online by more than 30 eminent speakers and many more participants across seven time zones. A big thank you to all who are staying up late in the U.S., and even later in Europe.

Year by year, our aim in this forum is to have a thoughtful dialogue on the state of relations between the U.S. and China, the single most important bilateral relationship in the world. With the help of world leaders and experts, we like to explore this relationship through a global, as well as a bilateral, lens. For we all recognize that this bilateral relationship is not played out in isolation. It is vital to understand and assess its impact on the rest of the world.

Our theme this year is “Beyond Differences, Towards Cooperation.” We will explore it from multiple angles: global economic recovery, trade and investment, global supply chains, cooperation on climate and people-to-people cultural exchanges.

One year into the Biden administration, significant differences and disagreements remain between the U.S. and China. During the previous administration, the framework for conducting the relationship was fundamentally changed. There are questions over what will happen next with trade between the U.S. and China, following last month’s expiration of the Phase One trade deal.

While it is widely reported that relations between the two remain tense — or are even deteriorating — around certain high-profile issues, it is relevant to note that the two economies remain highly interdependent. Trade and investment data underscore this reality. In 2020, China was America’s largest goods trading partner, third-largest export market and largest source of imports. Exports to China supported an estimated 1.2 million jobs in the U.S. in 2019. Recent surveys indicate that American

companies remain committed to the China market over the long term and count China among the top five priorities in the global strategy of their companies. At the same time, the U.S. is still China's largest export market.

Another positive is that predictions of decoupling between the U.S. and Chinese economies appear — like reports of Mark Twain's death — to be premature. We have indeed seen shifts in long-established trade patterns in recent years. But in my experience this has had far more to do with digital technology than decoupling. And transportation issues related to the pandemic have, by far, been the greater cause of disruption to global supply chains. Trade flows would have been even stronger had it not been for these bottlenecks.

It is encouraging to see meetings taking place between senior Chinese officials and American business leaders. China has recently acted upon the visa concerns of U.S. businesses by upgrading fast-track entry for executives and their dependents.

There are other green shoots as well. The leaders of both nations are communicating in earnest and are addressing substantive issues. In my mind, the tone of high-level exchanges has markedly improved.

Last month, the U.S. and China cooperated in a rare joint pledge by the five permanent members of the UN Security Council to reject nuclear war and avoid arms races. In November, the U.S. and China signed the Joint Glasgow Declaration on Enhancing Climate Action in the 2020s. Personally, I can think of no more urgent and important task for the people of the world. The Glasgow Declaration is a victory for multilateral thinking.

Looking ahead, we can expect a flurry of media coverage around the 50th anniversary of President Nixon's visit to China in February 1972. Of course, that took place in the Cold War era of U.S. superpower rivalry with the Soviet Union. But I believe we can still draw insights from what President Nixon described as "the week that changed the world."

In the declassified U.S. transcript of his historic meeting with Chairman Mao, President Nixon says, and I quote: "What brings us together is a recognition of a new situation in the world. ... [W]e can find common ground, despite our differences, to build a world structure in which both can be safe to develop in our own way on our own roads."

Today, the world again faces new situations, new challenges.

In addition to the all-important climate issue, if as a businessman I am asked to identify two other priorities for cooperation between the U.S. and China, they are global economic recovery from the pandemic and upgrading the multilateral system for sustainable trade and investment flows.

I would like to offer two propositions for this Forum's consideration, and one observation:

First, to accelerate global economic recovery, I strongly believe it is time for the trade war between the U.S. and China to be placed in abeyance. With inflation increasing in the U.S. and with the growth of China's domestic consumption slowing, I am sure the will must be there on both sides. The pandemic has utterly changed the global economic landscape in which punitive tariffs and sanctions were first imposed

on China in mid-2018. And in an interdependent world, all nations are affected when the two largest economies are at odds.

Continuing the trade war will, in my view, only be an impediment to restoring the full economic health of both nations and to maintaining economic stability at a global level, given the scale of devastation wreaked by the pandemic. Hopefully, going forward, the U.S. and China will work to resolve their trade issues in more constructive ways.

Second, the U.S. and China have a golden opportunity to lead much-needed efforts to upgrade the multilateral system for trade and investment. Having been conceived some 75 years ago, it must be made fit for purposes in the age of digital commerce, climate concerns, pandemics and inclusivity. Along these lines, a global dialogue is already underway to revitalize the World Trade Organization. That is welcome, but such a huge task cannot be left to Geneva alone.

Here in the Asia-Pacific two mega free trade areas are taking shape which, together, cover roughly one-third of the world's population and one-third of global GDP and trade. They are the Regional Comprehensive Economic Partnership (RCEP), which came into force on Jan. 1 this year, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which came into force three years ago. These two groupings have numerous overlapping members. China is a lead player in RCEP and has applied to join the CPTPP. The U.S., as you know, is in neither, having given up its earlier leadership of the CPTPP's forerunner.

What if the U.S. and China were now to work together to combine the two? For sure, it would take time to reconcile differences in the approach to each bloc, perhaps with a reformed WTO facilitating that process. But the outcome could be far greater than the sum of its parts. I believe it could form the basis for a new multilateral system better able to serve the changing nature and needs of trade and investment for the next 75 years and beyond.

To close, the observation I wish to share is prompted by President Nixon's remark to Chairman Mao about nations developing in their own way on their own roads.

Companies today face ever-increasing complexity when they do business with both the U.S. and China. Many find themselves under intense pressure to make a choice, or risk falling foul of government policies and regulators. For most businesses it is not desirable — or even viable — to make such a choice, so many decades after U.S.-China economic interactions were first encouraged. Moreover, by operating across boundaries, companies deliver value and generate wealth for shareholders and other stakeholders in their respective countries. They have certainly helped to keep e-commerce going for consumers around the world during the pandemic.

In my view, therefore, the principle multinational businesses should follow when operating in any country is that of rigorously observing local laws. Where differences and contradictions arise in understanding each other's laws and systems, I further believe that these are best addressed through multilateral channels.

Finally, ladies and gentlemen, as I leave you with those few thoughts, I wish this forum every success. We can anticipate many valuable insights and robust discussion, and I am very excited to have you all participate. Thank you.

# SESSION 1

## U.S.-CHINA RELATIONS – CHALLENGES AND NEXT STEPS

### Keynote Speeches



**Mary Robinson**

*Chair of The Elders, Former President of Ireland*

Global dialogue and collaboration have never been more important — and a good relationship between China and the U.S. is the most important of all — says Mary Robinson in her keynote address.

The world needs China and the United States to be working together, marshaling and complementing their respective strengths and developing robust frameworks for 21<sup>st</sup> century governance, sustainability and prosperity.

The current Sino-U.S. tensions have undoubtedly made it harder, Robinson says, to coordinate a sustainable recovery from COVID-19 and address the wider existential challenges faced by all of us. She noted that open dialogue is essential to rebuilding trust between China and the United States and to tackling the existential threats facing humanity, from pandemics and the climate crisis to the ever-present risk of nuclear conflict.

Robinson called upon the world's two most powerful nations, China and the United States, to lead the way to develop long-term solutions to common threats. She says that too often in recent years they have been locked in a dynamic of mutual suspicion and confrontation.

In Robinson's view, the following actions are crucial:

- Avoid nationalist aggression that obscures common interests and acknowledge the two countries' interconnectedness;
- Increase efforts to build relationships between young people, women, cultural groups and others;
- Commit to sustained, intense cooperation, avoiding zero-sum games;
- Turn the joint declaration in Glasgow in November into concrete action;

- China should adopt a more ambitious near-term target in time for COP27 in Egypt this November. It has an opportunity to be a dynamic leader on climate, building on its impressive track record in renewable energy production;
- The U.S. must overcome its political deadlock to deliver on pledges already made, including accepting its fair share of the long-overdue \$100 billion in climate finance to developing nations.
- Both must reinforce the principle of no first use of nuclear weapons.



### **Goh Chok Tong**

*Emeritus Senior Minister, Former Prime Minister of Singapore*

For Goh Chok Tong, the world has changed beyond recognition in just three years. But what remains unchanged, he says, is the global strategic importance of the U.S.-China relationship.

The main deficit on the geopolitical ledger is mutual strategic distrust, he says, and if this cannot be overcome, the world will be condemned — like Sisyphus in Greek mythology — to roll the boulder of a contentious U.S.-China relationship uphill for eternity.

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From Washington's perspective, China is not following the established rules of the global order, Goh Chok Tong says, despite being a chief beneficiary. Instead, it is seeking to rewrite the rules in its favor. China sees this as part of a U.S. containment strategy to prevent its rise as a global power, or, at worst, as a long-term strategy to weaken China and break it up.

Chinese leaders have taken the view that foreign powers managed to exploit China in the past because it was not strong enough, and so they frequently remind the people of China's century of humiliation — and of the country's turning point, the founding of the CPC. Hence, China is building up multiple defensive and offensive military capabilities to protect its sovereignty and territorial integrity.

At the recent virtual summit, President Biden called for "common-sense guardrails," while President Xi compared the U.S. and China to two giant ships that must forge ahead without colliding. Actions on the ground must now reflect their words, Goh Chok Tong says. The U.S. and China must see that it's in their own interest to maintain a stable and peaceful international environment. Both countries need to implement "trust but verify" agreements as they try to resolve outstanding bilateral issues while attaining their geopolitical ambitions, he says.

Secretary of State Antony Blinken has said that the U.S. approach to China will be "competitive when it should be, collaborative when it can be and adversarial when it must be." Building on this frame, Goh Chok Tong suggests that the U.S. and China should "avoid conflict over differences, embrace healthy competition and maximize cooperation."



His biggest concern is the possibility that Taiwan could trigger a war, though he doesn't think the mainland wants to invade Taiwan. However, if Beijing sees no prospect for a peaceful resolution, it may believe it has no choice.

The more international space Taiwan gains (which Beijing sees as the result of tacit encouragement from the U.S.), the more the mainland will ratchet up pressure on Taiwan, he says.

Given the high risk of miscalculation, the U.S. and China should:

- Negotiate guardrails to avert conflict over Taiwan, including the creation of a 21<sup>st</sup> century equivalent of the red telephone.
- Find ways to engage in healthy competition, and find common ground for cooperation where possible.
- Determine what healthy competition will look like, in accordance with international law and the existing international rules-based order.
- Amplify voices of moderation from concerned countries, leaders, institutions, media, businesses, think-tanks and people who want to avert a catastrophic clash between the U.S. and China.



**Jean Chretien**

*Former Prime Minister of Canada*

While noting the difficulty of finding people to fill the hundreds of thousands of jobs available in Canada, Jean Chretien remains an optimist because the global economy is growing. Wealth is being created on a daily basis, he says. What's needed is better distribution of wealth to give people happier lives: "When people are happy, they are optimistic."

"We have to keep talking," Chretien says. "Nobody wants a war; everybody wants to create wealth."

If we want to maintain a good balance in the world, he says, we have to work on one problem that affects every country sharing the wealth that we are creating.

"One of the problems of the last 10 years is the rich are getting richer on a daily basis, and the poor are not increasing accordingly. And if we don't attack this problem, it will create a lot of civil disturbances in many places around the globe," Chretien says.

He notes that he was part of the Canadian government 51 years ago when China was recognized. "It was a big political problem in North America when we did that," he says. "But the Americans followed, and others. And now China has become a big, big, big power in the world."

Today, he says, what affects every one of us on a daily basis — and will for a long time — is the relationship between China and the United States.

“So for me, of course, the Americans need China,” Chretien says. “And China needs America, China needs Canada, China needs Europe, and this vice versa too. So we need to work together. And we always will find some solution. There is always a rhythm.”

It’s crucial to keep up the dialogue, he says. “It’s what we’re doing right now!”

The world still has major problems, but they can be solved, Chretien says. Among them:

- Nuclear disarmament, a dangerous puzzle that has been with us for a long time;
- Climate change, which looms large and has no perfect answers, but everyone wants to move in the right direction;
- Fast-changing technology.



**Yasuo Fukuda**

*Former Prime Minister of Japan*

The central global concern this year is the China-U.S. relationship. Their rivalry and friction lead to anxieties at regional and even global levels, Yasuo Fukuda says. But he doesn’t look at the relationship pessimistically; rather, he believes that both President Joe Biden and President Xi Jinping want to avoid head-on competition.

Even so, he says, the U.S. hypes up cliches to hold China back — such as issues related to the South China Sea, Taiwan and Hong Kong. It asks its allies to build networks to contain the rise of China and fans the flames on the world stage to create anti-China sentiment.

The rapid development of China over the past decades is not lost on the United States. It has concluded that it needs to contain China’s development. Fukuda then asks which issue deserves careful consideration in this context.

His answer: “Economic issues, and especially China-U.S. trade frictions.” The United States has long maintained a trade deficit with China, and Fukuda finds parallels with his own country.

“In the 1980s, a major issue of concern in Japan-U.S. relations was also trade deficit,” he says.

Eager to address trade frictions and maintain good relations with the U.S., Japan in 1985 signed the Plaza Accord initiated by Washington, after which the Japanese yen's value against the dollar doubled in about two years, leading to the stagnation of Japanese exports and a crisis for the domestic manufacturing industry — especially for small and medium-sized enterprises.

To reverse the decline, the Japanese government repeatedly reduced interest rates and tried to boost domestic demand. Banks channeled capital into the real estate sector, which created an economic bubble. The end result was a protracted period of stagnation for the Japanese economy, Fukuda says.

Fukuda says this was tragic for Japan. The fundamental reason for the failure was the dramatic rise in the value of its currency in a short period of time. Likewise, for China, an important issue is finding the right way to increase interest rates and boost domestic demand. This is also relevant to the resolution of trade frictions. Fukuda hopes that Japan's experience can be drawn upon so that China will not repeat the mistakes.

The United States interferes in China's development process in the name of spreading its so-called universal values, including human rights and democracy, Fukuda says. He urges China not to back down on these issues and "just focus all energy on the resolution of trade issues." Moreover, he hopes that "all nations can think about the future from the perspectives of freedom and equality. Only in this way can we embrace a better future."

In Fukuda's view, "Nations don't act alone on the world stage; they have to work together with each other and take into account the interests of others." From climate change to water shortages and poverty, many issues need to be addressed that relate to the development of the planet. The resolution of issues between China and the U.S. has a bearing not only on the two countries but also on the wider world.

He says that because the China-U.S. rivalry has an impact on Japan, and because their trade and economic issues impact the development of the Japanese economy, Japan needs to properly handle its relations with both. He hopes the two countries can move forward, together.

"I hope that there will be no dissonant voice in Japan's relations with both China and the U.S.," Fukuda says, "because such noise casts uncertainty over the world."



**Steve Orlins**

*President of the National Committee on United States-China Relations*

China and the United States should be developing "habits of cooperation" to get their relations back on track, says Steve Orlins.

In addition, he adds, the two countries need to “agree on a definition of national security, so it doesn’t become so broad that we can’t do business with each other in areas that don’t affect national security.”

Orlins, who calls himself “an optimist,” says he agrees with President Xi Jinping that there is no reason to spoil the relationship.

“Just as my views on the Vietnam War went from the minority to the majority, I am convinced that it will again become the majority who want more positive and constructive U.S.-China relations,” Orlins says. “It is in the interest of the American people. It is in the interest of the Chinese people. And it is in the interest of the world.”

What happened to get us where we are now? Orlins asks. Part of the answer is that China’s reclamation activities in the South China Sea began to shift attitudes in Washington. “Many asked, were these the actions of a responsible stakeholder? Many years later, the arbitral tribunal’s decision on the Philippine suit confirmed their views that these actions violated international law,” he says.

Around this time, China also began to limit media access and increase barriers for foreign workers and organizations operating in China, Orlins says, citing the blocking of Facebook, Twitter and YouTube in 2009, and Google in 2010, all of which cut off a vital pathway for cultural and social exchange. It also increased distrust of China among Americans, especially the younger generation most active on social media.

The subsequent blocking of major news outlets like the New York Times and Wall Street Journal, beginning in 2012, only made matters worse, Orlins says. Alongside the media restrictions, restrictions on research and a refusal to issue visas to American scholars also contributed to worsening relations. China’s refusal to invite American scientists to Wuhan to understand COVID-19 fueled distrust and suspicion.

Laws, like the 2017 Foreign NGO Management Law also restricted the space for people-to-people exchanges and stifled opportunities for collaboration. By some estimates, there were around 5,000 foreign NGOs operating in China in 2016. As of December last year, only around 600 were registered with the Chinese government, Orlins says, calling it a “tremendous loss not only for these organizations but for China.”

He hastens to note that the U.S. government has also made its share of equally devastating mistakes, including: the arrest of Meng Wanzhou; restricting China’s State-owned media in the United States; pushing the envelope on unofficial relations with Taiwan; increasing freedom of navigation operations in the South China Sea; lying about China’s interference in U.S. elections, etc.

“You’d think with all these problems emanating from both governments, I would be a pessimist,” he says. “But I’m not. I’m not because, fundamentally, I believe that the peoples of both the United States and China recognize that the real threats to our societies are joint threats. ... climate change, economic crises, instability, terrorism and the pandemic.”

Orlins lists the issues that the U.S. and China need to do today, including:

- Creating habits of cooperation;
- Ending the tariffs that started on Jan. 20, 2017;
- Agreeing on a definition of national security;
- Restarting scientific and medical cooperation;
- Reopening the Houston and Chengdu consulates;
- Reaffirming the status quo on cross-strait relations;
- Readmitting American journalists to China.



### Zeng Peiyan

*Former Vice Premier of the State Council of China*

In his speech, Zeng Peiyan notes that dramatic changes in the world are intertwined with a pandemic whose scale has not been seen in a century. Global economic recovery remains an uphill task. Inflation pressures and financial risks are growing. And the resurgence of coronavirus variants casts a shadow of uncertainty everywhere. In this context, he believes the stability of China-U.S. relations is crucial for both countries. It is also a common aspiration of others.

Zeng shares his observations on the three principles — mutual respect, peaceful coexistence and win-win cooperation — that Chinese President Xi Jinping advanced in his video summit with U.S. President Joe Biden in November.

First, Zeng says, mutual respect is a prerequisite for the development of China-U.S. relations. He believes that China and the United States need to respect each other's social systems and development paths, as the two countries made choices based on their unique historical backgrounds and the choices of their people.

China has no intention of changing the United States, and the United States cannot impose change on China, he says. Thus, it is imperative to respect one another's core interests and major concerns and avoid crossing lines or creating trouble in handling the major issues of sovereignty, security and development. In addition, Zeng says, the two countries need to respect each other's right to development. "A prosperous and stable China brings opportunities, rather than threats, to the world," he says. Mutual respect means that nations treat each other as equals.

Second, peaceful coexistence is the foundation of China-U.S. relations. Peace and development are the defining trends of the times, and the Chinese people love peace. Thus, Zeng argues, the United States shouldn't imagine China as an enemy by drawing ideological lines to meet the needs of certain domestic interest groups.

Peaceful co-existence indicates the need to adhere to the bottom line of non-conflict and non-confrontation. Differences between China and the United States are understandable and natural, Zeng believes. He says the key is to abandon the outdated Cold War mentality and the notion of bloc confrontation — avoiding spillover and the intensification of differences. This would enhance communication and dialogue and ultimately help avoid strategic miscalculation, he says.

Third, win-win cooperation is the objective of China-U.S. relations, Zeng says. Since the pursuit of mutual benefits has taken the place of zero-sum games in state-to-state relations, China and the United States need to find a path to win-win cooperation. Both countries have extensive common interests in both bilateral and global affairs, and they need to transform potential cooperation into drivers of development.

Zeng identifies several areas in which a stronger bilateral partnership and greater teamwork is possible:

- Cooperation against the pandemic
- Cooperation on climate change
- Enhanced economic and trade cooperation
- Science and technology cooperation
- Cooperation in global governance

Zeng believes that mutual respect, peaceful coexistence and win-win cooperation are not principles to which only China and the United States should adhere in bilateral relations. These principles have strong relevance for the peaceful coexistence of countries around the world, he says.

# SESSION 2: GLOBAL ECONOMIC RECOVERY

## Keynote Speeches



**Jacob Lew**

*Former United States Secretary of the Treasury*

COVID appears to be shifting from a pandemic to an endemic disease, and the risk of new variants and outbreaks in slow-growth and unvaccinated regions remains high, along with financial stress, Lew says.

He notes that in the poorest countries, where vaccination and recovery are slower, the World Bank projects it will take until 2024 or 2025 to return to pre-COVID employment. “And with debt rising in those countries during the pandemic, there is growing financial strain.”

Meanwhile, Lew observes, the U.S. exit from its pandemic-oriented monetary policy raises the cost of servicing dollar-denominated debt. As a result, he says, “many developing economies will need to have their international debt restructured. And since China has become a major bilateral lender, it will need to be part of an international conversation about how to manage debt relief.”

“Why does this matter?” Lew asks. His answer is that international lenders need to see China as fully participating in debt restructuring; otherwise, hesitancy could increase the risk of a crisis.

There’s an opportunity now for China to step forward and work bilaterally with other major lenders and institutions, he says, noting that discussions last year at the G20 “were a good beginning.” Both the U.S. and China need to participate fully, he says.

To reduce stress between the United States and China — which is “not helpful for the global economic recovery” — opportunities should be sought for cooperation in areas of shared concern, particularly transnational issues, Lew says. “Increased cooperation in science and public health would be a good place to begin.”

But there also “needs to be a willingness to highlight even modest progress in reducing tensions,” he says, noting that “small steps” were made in Glasgow in coordinating decisions.

“The joint decision to release oil from our strategic petroleum reserves to address global supply shortages showed a degree of cooperation,” he points out.

But there appears to be little interest on the part of either the U.S. or China to focus attention on this kind of progress — “which is a shame, because even small steps could help to begin to rebuild trust.”

In the case of the release of strategic oil reserves, given the high emotional impact of oil prices and inflation in the United States, “it was a lost opportunity to demonstrate that cooperation can have a positive impact on everyday life, particularly the lives of working people,” Lew says.

Looking ahead, he says, tariffs and policies that restrict the efficiency of global supply chains contribute to ongoing inflationary risks. More costly alternatives for carbon reduction also add pressure.

Some key things to watch, according to Lew:

- The economic impact of China’s zero-tolerance pandemic policies;
- Inflation in the United States. Worries are rising after a slew of aggressive fiscal and monetary responses by the government;
- Currency exchange rates. Any appearance that China is manipulating the value of the yuan to gain advantage could become a source of added friction;
- Renewed waves of COVID, which could trigger another economic slowdown.



**Bi Jingquan**

*Executive Vice Chairman, China Center for International Economic Exchanges*

Bi Jingquan notes that the world economy is emerging from recession, but this needs context. In 2021 global growth is projected to be 5.9 percent, with China increasing by 8.1 percent and the U.S. by 5.6 percent. However, he cautions, the foundation of growth is not solid because it is based on low growth in 2020 — an economic contraction — and is the result of the expansionary and easy economic policies of major economies.

Bi says the global economy faces enormous challenges these days, including great uncertainty about the COVID-19 pandemic, rising inflationary pressures, supply chain bottlenecks and growing debt risks. The global debt-to-GDP ratio is much higher than in the 2008 international financial crisis.

China and the U.S. are the world’s largest economies, and so their cooperation is essential to the economic growth of both themselves and the world. Therefore, Bi hopes to see enhanced exchanges and dialogues at all levels. He points to four critical areas for action:



- Strengthening communication and coordination of macroeconomic policies. Bi highlights the importance of focusing on the spillover effects of domestic macroeconomic policies and enhancing communication and coordination of those policies through the G20 and other multilateral platforms to avoid turmoil in global financial markets.
- Properly handling the high tariffs imposed in the trade war. The two countries should push for the normalization of bilateral economic and trade relations.
- Maintaining the integrity of industrial chains and supply chains. Bi says that both countries need to avoid the politicization of economic issues and national security-driven interference across the board, and to work together to push forward the reform of multilateral trade and investment systems and enhance global trade and investment.
- Intensifying cooperation on climate change.

Finally, Bi hopes that both sides will take concrete steps on their points of agreement and together achieve a more sustainable, more inclusive economic recovery.

## Panel Remarks



**He Yafei**

*Former Vice Minister of Foreign Affairs, People's Republic of China*

As we enter a new year, the past is not yet history, while the future is already with us, says He Yafei, who offers a reassuring message: Globalization will not come to an end. Rather, supply chains will acquire new shapes. So while there are reasons to worry about conflict, there is no need to despair. The current turbulence will eventually subside and calm water will reappear.

Yet he says it's true that global economic recovery faces more difficulties than ever before. He points to the following:

- The stubborn pandemic, which upended our way of life and modes of production;
- The reshaping of global supply chains seen through a prism of national security;
- Technology competition, which will be the main battlefield for major power interaction in the next few years — a few decades and beyond;
- Geopolitical entanglements and contentions driven by great power competition economically, politically and militarily.

Against this backdrop, he says, the global economy is witnessing some man-made decoupling between major economies — China and the U.S. included — especially in technology. This decoupling follows ideological lines than otherwise.

“It is very unfortunate,” he says, “because that will disrupt rather than promote global economic recovery and growth. It is a sad fact. But we have to live with it.”

But He Yafei does not share a certain dour view that has been put forward.

“Some experts are claiming that there is a new cold war between China and the United States,” He Yafei says. “But I believe the reality speaks otherwise. There is simply too much at stake in the evolution of our bilateral relations.”

What’s really happening, he says, would be more accurately described as “a process of muddling through.”

“I think the most important thing the two countries should do is to put their own house in order and engage in cooperation as much as possible in global trade, investment, finance, climate change, cybersecurity, nuclear non-proliferation, etc.”

There are “lots of places to cooperate, and we are blinded, in a way, by the geopolitical contention,” He says.

Despite his optimism, however, He Yafei has a warning: Many moves by banks involving quantitative easing and interest rates — led by the U.S. Federal Reserve — have accumulated so much risk that another global financial crisis is on the horizon.

“We have to be serious about it,” he says.

He referred to the familiar saying, “United we stand, divided we fall,” noting that it applies to economic relations between the U.S. and China too, as well as to the future of the global economy.

He believes the United States is increasingly anxious and preoccupied with a perceived challenge by China to its world hegemonic domination. This results from its misperception and misreading of China’s strategic intentions — notwithstanding the historically proven fact that China has taken the path of peaceful development over several decades, ever since its opening-up and reform in the late 1970s,” he says.

What needs to happen is for us to “work hard and work together,” he says.

“I stress together — China and the United States — by resolving differences. If we can do that, we can brush aside the differences and engage in cooperation and negotiation to achieve possible win-win outcomes that will benefit the two countries and the world as a whole.”

**Stephen Roach**

*Senior Fellow at Yale University's Jackson Institute for Global Affairs*

While wishing he could be more optimistic, Stephen Roach unflinchingly confronts the realities at the intersection of growth, inflation and policy.

“The markets, and apparently the Fed, do not have a clue as to how much tightening there will have to be to eliminate this extraordinary monetary stimulus that’s in place now and that will remain in place through the end of the year,” he says.

In his view:

- Financial markets are moving into a period of significant risk;
- Those risks include stocks, bonds and the U.S. dollar;
- Inflation is not temporary but will be a thorny fixture of the global economy for some time to come.

Inflation will recede from its current peak, Roach says, but it is unlikely at any point in the next several years to go back to the sub-2 percent rate that existed before COVID.

Monetary policy lies beneath the aggregate demand curve, he says. Policy has lifted the level of aggregate demand far above the aggregate supply curve. Even if the growth rate of aggregate demand slows, which it is appearing to be doing at the moment, the level remains far too high, in Roach’s view. That’s why he expects above-target inflation to remain persistent. This has enormous implications for policy, Roach says.

“Even if the Federal Reserve tightens three to four times this year,” and inflation slows from 7 to 4 percent over the course of the year, “then the real federal funds rate will still end this year at negative 3 percent. That will mark the longest period of excess monetary stimulus in the United States on record,” Roach says.

In his view, the real problem with inflation is the demand side. Policymakers around the world, but especially the United States, poured both fiscal and monetary fuel on the fire.

“They injected massive, pro-cyclical policy stimulus, then reinforced an unprecedented post-lockdown snap-back in aggregate demand,” Roach says.

“And so, the supply/demand imbalance that opened up briefly in the depths of the COVID shock was quickly closed. And now aggregate demand is far above aggregate supply. And we have an inflation problem.”

Policymakers have misdiagnosed the problem, he says: “They called it transitory. Now they don’t call it transitory. They admit that was a mistake.”

He tells of his first job after college in the 1970s working for the Federal Reserve board in Washington.

“We had a brilliant Fed chairman whom I worked for by the name of Arthur Burns, who also called the early signs of the great inflation in the 1970s transitory. He was wrong, just like his counterparts are today,” Roach says. “I am still haunted by the ghost of Arthur Burns.”



**Lawrence Lau**

*Ralph and Claire Landau Professor of Economics, The Chinese University of Hong Kong*

Lawrence Lau focuses on developments in the Chinese and the U.S. economies and cites President Xi Jinping’s announcement some time ago that China will pursue a dual circulation development strategy — a domestic circulation and an international circulation, with the domestic circulation playing the primary role.

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“Now this is actually something to be expected for large continental economies like China, and also for the United States,” Lau says.

Xi also committed China to peak its carbon emissions before 2030 and achieve carbon neutrality by 2060. These two actually have immense implications on the Chinese economy, Lau points out.

But the common prosperity promoted by President Xi “should not be equated with simple redistribution,” Lau says. “It generally means giving other people — who have not gotten rich yet — the opportunity to get rich.”

The establishment of the new Beijing Stock Exchange is an indication that the private sector, consisting mostly of small and medium enterprises, will be allowed to grow and to prosper.

As for the strategic competition between China and the U.S., Lau says:

- This is likely to be a new normal for the next decade or so.
- As the global hegemon, the U.S. cannot allow any country to say no and get away with it, because it will encourage other countries to also say no.
- Things will continue as they are for awhile, unless the U.S. is convinced that it cannot stop China’s rise.
- The situation will eventually get better but will probably get worse first.

Nevertheless, if you look at what's happened to U.S.-China trade, even though mutual tariffs remained in place for the last year or two, trade in goods between China and the U.S. reached a new high of \$755 billion in 2021, an increase of 28.7 percent, according to Chinese data.

The dominance of the U.S. dollar in worldwide invoicing, clearing and settlement will decline gradually, as countries turn to their own currencies for such things, Lau says. For example, trade between China and Russia is often being settled in their own-currencies. Between China and Indonesia trade is being settled in RMB and rupiah. "I think this trend will continue," Lau says.



### Qian Yingyi

*Professor and Former Dean of the School of Economics and Management, Tsinghua University*

The year ahead will be full of uncertainties. Qian Yingyi suggests that we should soberly realize at the beginning that we have only limited ability to predict economic trends and see the implications of macroeconomic policies.

There are lessons to be found in last year's economic misjudgments. On the pandemic, for example, the world failed to envision the Delta and Omicron variants and their impact on global supply chains and global trade. Nor did the world expect that inflation in the United States would reach a 39-year high or that we would have little grasp of how long it is likely to last.

Consequently, close attention should be paid to the lessons of 2021 due to our limited understanding of the economic policy impact. Qian believes that among all the uncertainties in 2022, a particular focus should be the uncertainty of macro policy effect.

Qian notes that both China and the United States have adopted strong macroeconomic control measures. For example, the Federal Reserve has made it clear that it will pivot to quantitative tightening and interest rate hikes at a faster rate.

In China, it's the opposite. The central bank has begun to reduce interest rates, albeit modestly, and pledged to open its monetary policy toolbox wider and roll out more targeted and forward-looking policies. Clearly, the country will adopt an easier monetary policy. Consequently, policy coordination will become a greater challenge for China and the United States, he says.

Qian says that policy coordination and communication are critical, but there are few channels of communication between the two countries. This issue, he believes, demands close attention in 2022 for at least two reasons:

- It will undermine economic development in both countries;
- It will have a direct impact on global capital flows and the capital market as a whole.

# SESSION 3

## TRADE & INVESTMENT

### Panel Remarks



**Charles Boustany**

*Former U.S. House of Representatives*

For Charles Boustany, international trade and investment lie at the nexus of domestic and foreign economic policy. The physician and former member of Congress in the United States also notes that major components of foreign economic policy rise to the level of strategic importance.

“So in my view, the stakes are really high,” he says. “The challenges are serious and they’re growing right now.”

Disengagement, or decoupling, is escalating in multiple sectors of the economy, resulting in supply chain disruptions, he says, tracing the phenomenon to the Trump administration, or even before, and adding that things have “worsened ... with the situational disruptions we’ve seen with the pandemic.”

The rise of protectionism that has been going on “is now transitioning into aggressive use of economic statecraft as a tool to achieve political objectives, or even as a tool for economic and political coercion,” Boustany says.

He points to “broad frustration” in the United States over Chinese trade and commercial practices. “It’s been fairly widespread and growing,” he says, citing what he views as continued Chinese-directed or condoned State subsidies, thefts of intellectual property, forms of mandatory technology transfer, cyber intrusions for commercial gain, restricted market access, lack of transparency in many situations and concerns over whether China has kept its WTO commitments.

As a result, he says, Democratic and Republican administrations have blocked the WTO appellate body from functioning without offering a pathway for reform. Rather, the United States has unilaterally applied Section 301 tariffs to goods broadly and imposed investment screenings and sanctions — all of which leans toward further decoupling. And the use of Section 301 tariffs as the enforcement mechanism, has “yielded further distrust,” he says.

“So, the question is, how should responsible leaders on both sides of the Pacific address what has now developed into strategic distrust?”

He offers five observations:

- While the U.S. was an essentially open economy, China's economy has remained partially closed since its accession to the WTO. Consensus over rules, norms and standards has not been fully achieved and WTO enforcement has been ineffectual.
- Economic and technology concerns cannot be separated from strategic considerations, thus raising the stakes.
- Competition between China and the U.S. is a long-term reality, and we have to find a way to manage that competition effectively.
- Partial disengagement is deepening and it will lead to an unstable balance of power situation in international relations.
- Leaders in both countries have an obligation to seek the broadest sense of consensus on rules for engagement.

Boustany believes that if convergence occurs on standards for trade, investment and use of technology, and there's agreement on how these things will be enforced, then disengagement or decoupling will lessen. Without emerging consensus, disengagement or decoupling will deepen.

"That's the dilemma we find ourselves in," he says.



### Zhang Xiaoqiang

*Executive Vice Chairman, China Center for International Economic Exchanges*

Zhang makes three central points on trade and investment relations between China and the United States.

First, China-U.S. trade continues to grow, despite the tremendous impact of the COVID-19 pandemic. According to Chinese statistics, bilateral trade reached \$755.6 billion in 2021, up 28.7 percent year-on-year, and China's imports from America increased 32.7 percent to \$179.5 billion.

LNG imports from the United States hit 3.21 million tons in 2020 and 7.32 million tons in the first 10 months of 2021. Today, the United States has surpassed Australia as the second-largest LNG supplier to China, and bilateral energy trade has exciting prospects indeed.

Second, bilateral investment faces grave imbalances.

China has been working to promote an open, high-quality economic system and to improve its domestic business environment. In 2021, FDI inflows to the country reached \$173.5 billion, up 20 percent from the previous year. Last year, many American financial institutions obtained the licenses required to operate in the country. Tesla's Shanghai factory delivered more than 480,000 vehicles in 2021, or 52 percent of the company's global deliveries.

While China is opening its market wider to the world, Chinese companies find it difficult to make investments in America due to discriminatory policies adopted by the U.S. government. Those currently operating in America have also received unfair treatment. Zhang hopes the United States will end its unjustified crackdown on Chinese investment and improve its business environment.

Third, proposals for expanding bilateral trade and investment.

Zhang believes that China and the United States need to work together on five fronts to implement the consensus reached by their national leaders in the video meeting in November and do the following:

- Strengthen medical and health cooperation
- Strengthen cooperation in green and low-carbon development
- Remove high added tariffs
- Step up cooperation on the digital economy
- Reform the WTO-centered multilateral trading system



**Peter Wong**

*Chairman, The Hong Kong General Chamber of Commerce*

*Chairman, The Hongkong and Shanghai Banking Corporation Limited*

The global economic architecture that has delivered decades of growth may seem to be falling apart, says Peter Wong, leading to a focus on the problems of COVID, supply chain bottlenecks and geopolitics. However, despite the challenges, he sees opportunities.

"Thanks to the digital revolution and the need to address climate change, the trade and investment pie will get even bigger," Wong says, adding that opportunities exist for both the U.S. and China.

"If one market is closed, an alternative will be sought out to replace it, at least partially," he says. However, additional costs will be incurred in reestablishing supply chains, which is a lose-lose situation for both countries.



Wong says the opportunities are “enormous,” particularly when it comes to Green. He identifies three that stand out:

- A carbon-neutral knowledge industry will emerge, and each industry will require different expertise, creating new opportunities, such as consultancy.
- Companies will require investments in R&D, technology and equipment for the transformation. There will be requirements for talent, fundraising activities and new products, just to name a few.
- There will be a transition period to get to carbon neutrality, so the growth potential of the carbon credit trading market is huge — in the hundreds of millions of companies in a wide variety of industries globally.

In Wong’s view, downside risks that could potentially slow trade and investment globally, including between the U.S. and China, include:

- continued worsening of the COVID situation;
- military conflict;
- lack of high-level dialogue and agreement between the U.S. and China;
- tapering of bond buying and shrinking of the Federal Reserve balance sheet, along with higher interest rates to curb inflation.

Wong cites research saying that two-thirds of the world’s middle class will be living in Asia by 2030. China now has about 300 million people in the middle class. Needless to say, Asia’s potential is huge, he says, and the enormous consumption demand generated will drive future trade and investment both regionally and globally.



**John Zhao**

*Chairman of Hony Capital*

There is no question that investment and trade have brought great benefits to the world — certainly to the U.S. and China — in the last three or four decades, Zhao says.

“As a matter of fact, it’s gotten so good that you can’t have a conversation today to talk about the world without mentioning the U.S. and China.”

He notes that there’s been a lot of talk about decoupling, and repositioning the countries’ relationship from cooperation to competition — “as if competition is new,” which, of course, it is not.

“On the ground in the last 30 years, there has always been competition among businesses — Chinese, U.S. — and it is actually through that competitive endeavor by businesses that we’ve gotten to a better world,” Zhao says.

He sees new power players emerging, such as China, and so “the world requires a new balance, which I think is the struggle,” he says.

The power shift is clear, and a new set of rules is required, Zhao says. “The world should welcome powerful players like China, not only to follow the rules that are old, but also at the table to make new rules. And there are many, many areas for new kinds of coordinated cooperation. And, yes, fair competition.”

What both governments should be pursuing, Zhao says, is “the coordination of cooperation and competition.”

The top priority, in Zhao’s view, is the need for better global governance, especially with the emergence of the digital economy, which he calls “pervasive.” It’s not about China, per se, he says, although China is leading. He believes there are many new areas of possible collaboration in government policymaking — for instance, with regard to data security and privacy.

“China has a lot of experience in this area, and through exchanges and coordinated policymaking both economies can benefit greatly,” Zhao says.

In his view:

- China can make its economic pie bigger to share with its people;
- The world’s economic pie can become bigger and better distributed;
- At ground level, there are more opportunities to work together than to decouple.



**Craig Allen**

*President of the US-China Business Council*

For Allen, business is like sports: Sometimes you have to play defense and other times offense. And then you need to know when to switch between the two.

“I would say that for business organizations like the US-China Business Council, now is a good time to focus on defense,” Allen says.

This means a “responsibility to call out economic protectionism wherever we see it, and especially when it is dressed up as a national security concern,” he says.

Calling himself “an ardent globalist and a strong supporter of U.S.-China economic engagement,” Allen adds that he is also a realist.

“I would have to note that both in Washington and Beijing, the security and defense establishments are really in the lead in defining the overall relationship,” he says. “And I would say that the defense and security establishments are ably assisted by the ideology and the nationalist champions in both capitals, in both Washington and in Beijing.”

From a microeconomic point of view, Allen thinks that companies on the Chinese mainland, in Hong Kong and in the U.S. probably have very similar views — “that if we want to be successful, we need to simultaneously play a brilliant defense and a bold new offense to remain relevant in the debate. Otherwise, the security narrative will dominate.”

So if this is a team sport, to the extent that we could work together with other businesses, I think that we will move the agenda forward, and we will have a higher degree of success, he says.

In Allen’s view, a lack of communication and increasing open hostility between the governments is “very worrisome.”

“Simply, the U.S. and China need to talk to each other if we are to move to a more predictable, sustainable and stable international order,” including in trade, investment, and other areas, he says.

“I must admit that I am not optimistic over the short term. China is too wedded to the idea of self-reliance. And the U.S. is actively pursuing a comprehensive Indo-Pacific economic framework that I am not particularly excited about. But that’s where a lot of the attention is.”

Allen lists some pragmatic steps that should be taken:

- Insist that the Phase One agreement be fully implemented by both governments;
- Make all future Chinese regulation compatible with the CPTPP, since China has applied for membership;
- Create a framework for regular trade and investment consultations;
- Address tariffs head-on. Both governments should engage in confidence-building measures to signal that relaxation is possible.

# SESSION 4

## GLOBAL SUPPLY CHAIN

### Panel Remarks



**David Lampton**

*Professor Emeritus & Former Hyman Professor and Director of SAIS-China and China Studies, Johns Hopkins School of Advanced International Studies*

The pandemic has affected supply chains, as everyone knows, but even if there were a miracle cure tomorrow for COVID-19 and its variants, fundamental changes have taken place in regional and global supply chains that will be long-lasting and are reshaping the global economic and trade system. So says David M. Lampton.

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“We are dealing with a long-term, secular trend, not simply a momentary disruption,” he says. Factors that have already had their effect include:

- Rising U.S. interest rates, which we should expect to be a long-term trend. This will help shape supply chain sourcing choices.
- Rising labor costs in China allow countries in Southeast Asia to compete for future sourcing investment.
- Talk in China, the United States and elsewhere about self-reliance — keeping employment in their own societies even at the cost of added economic inefficiencies. Populism and nationalism make the decision to source at home or nearby more attractive.
- Strategic mistrust between the United States and China, which leads to sourcing decisions look for key technologies at home, or at least at more secure foreign locations.

Lampton praises China for its zero-COVID policy, which is associated with an extremely low rate of national fatalities. But he adds a caveat.

“This is a marvelous achievement,” he says, “but it also has virtually shut down the fluid flow of human resources essential to making global supply chains work well. The lack of vaccine acceptance across borders, particularly the U.S. and China, is clogging the arteries of globalization.”

Lampton says he noted a lot of “nodding heads” when it was suggested that the private sector will find a way. “But at some point the government can throw up roadblocks that make it very difficult and

increasingly inefficient,” he says. “So I think we need to work on those fundamental roadblocks to the political and strategic relationship, so we breed the degree of confidence that makes us each willing to be dependent on the other and, therefore, global supply chains.”

Particular attention needs to be focused on certain key areas, Lampton says:

- U.S.-China vaccine and pandemic cooperation;
- Implementing past trade agreements to give confidence that it is worthwhile to seek new trade agreements; and
- Institutionalizing both military-to-military dialogue and confidence-building measures.

“The U.S. and China have to amplify what they have in common,” Lampton says. “Increased confidence is essential to one’s willingness to depend on the other. Absent this, prospects are for deterioration.”



### **William Reinsch**

*Senior Advisor and Scholl Chair in International Business, Center for Strategic and International Studies*

William Reinsch, a keen observer of international business and politics, takes a gloomy view of the future of relations between China and the United States.

“I would basically say that if you’re expecting greater cooperation — either at the government level or even at the corporate level on the development of supply chains — I think that’s not going to happen, Reinsch says.

“In fact, there’s virtually zero possibility that’s going to happen.”

Some of the reasons, he says, have nothing to do with China, but some have a great deal to do with it.

Reinsch says American companies have been looking to shorten their supply chains and bring them closer to home since the Trump administration, or even earlier.

Both China and the United States will say they don’t want to force businesses to choose between them, but in fact “both countries are pursuing policies that encourage companies to do precisely that,” he says.

The Biden administration, for example, has been blunt in advocating reshoring — bringing manufacturing and production back to the United States. So far, that’s been mostly rhetoric, Reinsch says, but ultimately, Congress may be asked to enact financial incentives, probably tax credits, for companies to build and invest back in the United States.

“Some will, some won’t,” Reinsch says. “But the trend — if there is a trend — will be in the direction of either returning or of nearshoring, which is locating not necessarily in the United States proper but nearby, which would mean, in our case, Mexico, Canada, Central America and other places in the Western Hemisphere.”

“I’ve just described what the Americans are doing,” he says. “We are pushing companies apart. We are pushing the countries apart. And I think in the near term, sadly, I don’t foresee any change in that as long as the same people in both governments remain in charge.”

On the Chinese side, Reinsch sees “a whole series of policies to promote technology independence” that one can read about in the outgoing and incoming five-year plans and other publications.

He notes that the zero-COVID policy in China has produced factory lockdowns, which are at the front end of the supply chain, but companies in the U.S. have to deal with those. “The factories closed and, you know, we can’t get the things that we wanted to get. People think about other alternatives. I think companies are also coping with increased political risks with respect to China,” so there’s been increased pressure to build resiliency and redundancy in supply chain management.

“In the last two years, I think, the COVID experience has shown Americans that we can’t always get everything we want when we want it. And what that has produced is a lot of pressure on companies to rethink their supply chains — in addition to price, quality and delivery schedules — to build resilience into it,” Reinsch says.

“What that tells supply chain managers is, in addition to Plan A, you need Plan B. And you need Plan C. And one of those plans probably needs to have United States production. So there’s a lot of rethinking going on.”

This is not something that happens overnight, he says, noting:

- It takes a long time to make adjustments, so there will be a gradual evolution, not an immediate reaction;
- Increasingly negative public opinion in the United States about China is becoming a major factor in decision-making.
- The process is piecemeal, but the pressure from the U.S. government is very clear to companies: We want you to come home.

**Wang Yiming***Vice Chairman, China Center for International Economic Exchanges*

Wang focuses on three main topics: the impact of the pandemic on global supply chains, recent changes and measures to ensure stability.

The pandemic's impact on supply chains is global in scope, he says. From production to logistics, every part of the world is affected. From energy to chips, from cars to electronic products, major economies are in the grip of supply chain bottlenecks.

Wang points out that supply chains can be integrated both vertically and horizontally. By horizontal integration he means the concentration of the production and supply of goods. Production is increasingly concentrated, he says, with China, Germany and the United States being the world's three most important production centers. (China, in fact, has become the largest exporter of domestically made products.) Consequently, economies on the periphery of global production chains worry about their heavy reliance on these centers.

Vertical integration, on the other hand, refers to the relationship between upstream and downstream countries. Countries that supply natural resources and hard-to-replace technologies are upstream countries, while those like China, a large manufacturer, are downstream and subject to restrictions imposed by upstream countries.

Wang says that both horizontal and vertical integration are a result of globalization. Concentration of production has increased economies of scale, reduced costs and boosted consumer welfare. But it also leads to more fragility in supply chains. The COVID-19 pandemic has amplified this fragility in the form of disruptions, he says.

Wang's third area of focus is the stability of supply chains. The deeper causes of the supply chain crisis are rising protectionism and structural issues in global trade and industry. The pandemic acts as a catalyst, he says. Trade protectionism, the geopolitical divide and especially the lack of strategic trust between China and the United States are contributing factors.

Wang notes that the formation and development of global supply chains come from both market rules and the choices made by companies. Since it is costly to intentionally change the choices of market entities, in most cases governments push for changes through industrial policy.

Both the United States and Europe are readjusting their supply chains, hoping to increase stability at the expense of efficiency. In Wang's view:

- Attempts to bend market rules by means of political force are neither realistic nor wise;

- Global supply chains can be made more resilient by optimizing the division of labor and collaboration;
- Use of a new generation of information technology is required.



**Zheng Li**

*Vice Chairman of China Semiconductor Industry Association;  
Director and CEO of Jiangsu Changjiang Electronics Technology Co., Ltd*

Over the past three years, pandemic control measures, the digital economy and efforts toward carbon neutrality have helped the sector to achieve growth of 10 percent, which semiconductor business insider Zheng Li calls a milestone. It is estimated that the market will reach \$900 billion by 2030.

Zheng notes not only that China is the world's largest market for integrated circuits but also an important link in the global semiconductor supply chain. China's consumer electronics market boom and the country's strong capacity for electronics manufacturing deliver huge opportunities for the world's semiconductor sector, including the United States.

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Despite exciting prospects, however, the sector faces uncertainties and challenges, Zheng says. The business community in both China and the United States are deeply concerned that

- the pandemic may continue to disrupt the recovery and development of the global semiconductor supply chain in coming years;
- two essential players in the supply chain, China and the United States, are locked in trade frictions that threaten enormous risk to the fragile supply chain and the recently revitalized market;
- the geopolitical divide will continue to cast uncertainty over the whole industry;
- the erosion of trust in the supply chain is intertwined with chip shortage caused by the pandemic.

Zheng points out that if allowed to persist, the risks and uncertainties threaten to cause a fragmentation of the global semiconductor supply chain. In that scenario, the sector will need an investment of at least \$500 billion to \$1 trillion, and semiconductor products will see an increase of 35 to 65 percent in production costs, thus sending shockwaves through related industries and the world economy as a whole. Then everyone suffers.

The CSIA and SIA call for unconditional removal of export controls on purely commercial technologies and mass-produced products, such as chips for consumer electronics, and agree to work together on carbon reduction in the industry, Zheng says. They also suggest that industry players in the two countries strengthen partnerships to maintain the stability of the global supply chain and sustain the development and prosperity of the entire industry.



# SESSION 5

## COOPERATION ON CLIMATE

### Panel Remarks



**Jeffrey Sachs**

*University Professor and Director of the Center for Sustainable Development, Columbia University*

Earth's temperature continues to accelerate to frightening levels. But in the 30 years since the UN Framework Convention on Climate Change was signed, mankind has accomplished virtually nothing toward stopping it, says Jeffrey Sachs.

"We are now 1.2 degrees C above the pre-industrial temperature. But the warming at this stage is probably 0.3 C or faster per decade," he says. Now, there is a very real chance that we will overshoot the 1.5 C target within the next few years.

Sachs warns (citing James Hansen) that the next El Nino event — which could come in 2023 or 2024 — could bring another "perilous jump" in temperature.

The United States and China have no choice but to cooperate, he says, adding that "all right-thinking people" in the world want them to on many fronts — on stopping COVID, on global development, on helping eradicate poverty and on climate change.

"This is an existential issue," he says. "This is not a choice."

We ought to be cooperating technologically, instead of engaging in a technology war, which the United States has launched, which "makes no sense."

Legislation is stalled in the U.S. Senate right now. Why? Because the chairman of the Senate Energy and Natural Resources Committee, Joe Manchin of West Virginia, owns coal mines. "That's how bad it is," Sachs says, citing "corruption" in politics.

"It is not because we lack the means to work together and within our own economies to decarbonize decisively," Sachs asserts. For him, the key problems include:

- Lack of cooperation within the United States;
- Difficulty cooperating with China;
- Countries around the world dragging their feet. (“If you have a lot of coal, oil or gas in the country, I think it’s pretty predictable that the government is slow to act”);
- Vested interests.

Sachs points out that China is a world leader in every major technology that is needed for decarbonization — low-cost photovoltaics; low-cost wind power; low-cost, large scale hydroelectric power; long-distance, high-voltage, direct current transmission; 5G; smart grids; electric batteries; and electric vehicles.

“China really can lead technologically,” he says. “I think the U.S. can also lead technologically. We ought to be cooperating technologically instead of this technology war that the United States has launched, which also makes no sense.”

The world has no shortage of solutions. Nor does it have a surplus of time, Sachs says. “We have run out of time.”



**Xie Zhenhua**

*China Special Envoy on Climate Change*

Climate change has turned from a potential threat and challenge to a real risk and a crisis that demands global cooperation, says Xie Zhenhua. China and the United States are the world’s largest economies, and so their cooperation on climate change is essential to delivering benefits both to themselves and to the wider world.

As China’s special envoy for climate change, Xie gives a brief overview of China-U.S. exchanges and cooperation on climate change in 2021 through their special envoys — including “my old friend” John Kerry, the U.S. envoy. In 2021, the two sides held 31 video dialogues and four long face-to-face meetings. From the resumption of dialogue and exchange to the agreement to deepen cooperation and preparation for a joint working group, they have made notable gains in driving institutionalized, results-oriented cooperation.

In April 2021, the two countries issued the China-U.S. Joint Statement Addressing the Climate Crisis. They agreed to engage in dialogue and exchange in eight sectors, including policies, measures, and technologies to decarbonize industry and power; renewable energy; green and climate resilient

agriculture; energy efficient buildings; green, low-carbon transportation; emissions of methane and other non-CO2 greenhouse gases; emissions from international civil aviation and maritime activities; and other near-term policies and measures.

In November 2021, the two countries issued the China-U.S. Joint Glasgow Declaration on Enhancing Climate Action in the 2020s, creating the space for the resolution of differences at the COP26.

In order to reduce CO2 emissions, the two countries intend to cooperate on:

- policies that support the effective integration of high shares of low-cost intermittent renewable energy;
- transmission policies that encourage efficient balancing of electrical supply and demand across broad geographies;
- distributed generation policies that encourage integration of solar, storage and other clean power solutions closer to electricity users;
- energy efficiency policies and standards to reduce electrical waste;
- enhancing the measurement of methane emissions;
- exchanging information on their respective policies and programs for strengthening management and control of methane;
- fostering joint research into methane emission reduction challenges and solutions;
- engaging collaboratively in support of eliminating illegal deforestation around the globe by effectively enforcing laws banning illegal imports.

China and the U.S. also intend to establish a working group on enhancing climate action in the 2020s, with a focus on concrete action. This may include continued policy and technical exchanges; identification of programs and projects in areas of mutual interest; meetings of governmental and nongovernmental experts; facilitating participation by local governments, enterprises, think tanks, academics and other experts; exchanging updates on national efforts; considering the need for additional efforts, and reviewing the implementation of the Joint Statement and the Joint Declaration.

Xie believes that given their similar policy pathways to low-carbon development, China and the United States can work in partnership to enhance global climate governance. He hopes that both sides can create an enabling environment for bilateral dialogue and exchanges on climate change. Moreover, he hopes that lawmaking groups, local governments, businesses and think tanks in the U.S. can consistently focus on, support and participate in bilateral cooperation on climate change — and then deliver benefits to people in the two countries and beyond through results-oriented cooperation.



**Liu Yanhua**

*Former Vice Minister, Ministry of Science and Technology, and Former Director, National Expert Committee on Climate Change*

Liu Yanhua explains China's approach to achieving its carbon peak and carbon neutrality goals from the perspective of policy measures, legal tools and market-based measures.

On Oct. 24, 2021, the CPC Central Committee and the State Council published the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy, outlining 10 priorities in the country's drive toward its carbon peak and carbon neutrality. Among those are such things as:

- Strengthening research and application of green and low-carbon technology;
- Enhancing the capabilities of carbon sinks;
- Upgrading laws, regulations and standards and statistical monitoring systems;
- Improving policy mechanisms.

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Three major carbon milestones are defined in the guidance. By 2025, an economic system of green, low-carbon and circular development will take shape, and energy efficiency in major industries will be significantly increased, Liu says. By 2030, notable progress will be made in the comprehensive green transition of economic and social development. And energy efficiency in major energy-consuming industries will reach advanced international standards.

By 2060, an economic system of green, low-carbon, circular development and a clean, low-carbon, safe and efficient energy system will take shape. Energy efficiency will reach advanced international standards, with non-fossil fuels accounting for more than 80 percent of the energy mix. Carbon neutrality will be achieved.

On Oct. 26, 2021, the State Council issued the Action Plan for Carbon Dioxide Peaking Before 2030. The plan outlines main objectives for the 14<sup>th</sup> and 15<sup>th</sup> Five-Year Plan periods. Particular emphasis is placed on 10 areas of action, including such things as:

- Transitioning to green and low-carbon energy;
- Reaching the carbon peak in the industrial sector;
- Reaching the carbon peak in urban-rural development;
- Realizing green and low-carbon transportation;
- Encouraging green and low-carbon action by the wider society;
- Reaching carbon peak in different regions in an orderly manner.

Liu notes that climate legislation in China includes efforts on two fronts: revising current environmental laws and making laws on specific climate issues. China's climate legislation will be increasingly aligned with global climate governance, Liu says.

China's carbon emission trading scheme was fully launched in July 2021. A carbon tax won't gain full consideration until the formulation of climate change laws. In addition, China does not support the carbon border tax, which relates to the allocation of responsibility in international trade, production and consumption.

Given the complexities in China-U.S. relations and the urgent need for climate action, Liu says that China and the United States need to work together in four areas.

- The improvement of international climate governance, especially the implementation of the Paris agreement;
- Bilateral climate cooperation. Climate cooperation at the provincial /state level can be considered, with a focus on cross-sectoral exchange;
- Climate collaboration with third parties – developing countries, to support their green development;
- Track II dialogues or people-to-people exchanges to reduce misunderstandings and pave the way for government-to-government cooperation.

# SESSION 6

## PEOPLE AND CULTURAL EXCHANGES

### Panel Remarks



**Max Baucus**

*Former United States Ambassador to China*

Baucus describes how the United States and China began working together well on climate issues when he was serving as the U.S. ambassador in Beijing. There was a “glimmer of hope” that led to “a very proud moment when finally the United States and President Obama and President Xi signed an accord” during the Paris climate talks.

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There was also good two-way communication between the countries, Baucus says. Cabinet members would come to China at an official level. Businessmen came, too, but some of them didn’t want him to know about it. They were doing deals with the Chinese government — “sweetheart deals, as it worked out,” he says. At the same time, a lot of cultural exchanges, even military exchanges, worked with NGOs. “It was wonderful.”

But all that has changed, and it’s difficult to get back on the climate track for several reasons, Baucus says. Among them:

- Donald Trump adopted the near-paranoid politics in America with respect to China;
- COVID entered the picture;
- President Biden does not understand China as well as he should, and it’s difficult for him to come up with a policy, given his preoccupation with Russia, Ukraine and Iran.

“I’m quite concerned that it can be difficult for the United States,” Baucus says, noting that Biden been criticized because he still does not have a China policy.

The good news, according to Baucus, is that, aside from conventional cultural exchanges — which are not very good at this point — “there’s a lot of business interaction between our two countries under the radar.”

Calling business “a good forum” in which to talk to each other, Baucus notes a lot of business transactions and businessmen and women in both countries. Business “develops understanding and trust, which are needed,” he says. Adding to that, financial institutions in particular are very interested in doing business in China, and China has opened its doors to American financial institutions. And that’s a move in the right direction, he says.

The former ambassador touted the Baucus Institute, which he created in his home state of Montana to focus on climate. “Every little bit counts,” he says. “I’m doing what I can.”

But he doesn’t think the U.S. will act significantly, given the current deterioration of the relationship with China.

“Really the ball is somewhat in China’s court,” Baucus says. “China can act because of its authoritarian system. President Xi could say OK, this is what we’re going to do, and provincial governors will follow suit on climate. And the more they do, the more that’s going to be noticed, not just in the United States but around the world.”

**Charles Foster**

*Chairman of Foster LLP; Vice Chair of the George H.W. Bush Foundation for U.S.-China Relations*

Foster tells the story about China’s paramount leader, Deng Xiaoping, attending a small, private rodeo in Simonton, Texas, in 1979 to illustrate how a personal touch can contribute to worldwide perceptions.

Two cowgirls on horses presented a smiling Deng with a Texas-style Stetson cowboy hat. He promptly waved it to the crowd and put it on his head. Photos of that exchange for many years came to symbolize the opening of the U.S.-China relationship at a time when conditions in China were in many ways far worse than they are today, he says.

It’s a basic fact is that when people get to know one another, the barriers that created a lack of trust come down and the opportunities for cooperation dramatically go up, Foster says.

As a self-described optimist, Foster promotes a positive vision for mankind, saying that while we may have cultural differences, different political systems and starkly different points of view based upon our own culture and education, we can still jointly help people out of poverty and provide greater access to education, healthcare and upward economic mobility.

The George H.W. Bush Foundation for U.S. China Relations, he says, is guided by the principle that virtually no global challenge today can be resolved in any enduring or meaningful way without effective cooperation between the United States and China.

Foster continues to enthusiastically promote engagement in frequent, candid, robust bilateral dialogue, which was a pillar of the elder President Bush's vision and a basic tenet of the foundation.

Cultural exchanges have real power, Foster says:

- To educate and broaden one's understanding;
- To alleviate political tensions;
- To open markets;
- To operate against conflict;
- To build a strong foundation for future understanding and cooperation.



### **Zhang Xinsheng**

*Former Chairman of UNESCO Executive Board; Former President of IUCN; Former Vice Minister of Education, P. R. China*

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Zhang Xinsheng believes that the ongoing pandemic is more than a public health crisis and affects more than global economies and societies. Many lessons can be learned from it. For example:

- Current development models adopted to handle relations between man and nature and between development and conservation have reached the end of the road; and so have current consumption patterns. Both are unsustainable.
- The virus threatens the whole of humanity and the only way out is cooperation.

When it comes to China-U.S. cooperation, Zhang points out that people-to-people exchanges are the cornerstone of bilateral relations. He makes four points on this issue:

1. *People-to-people exchanges are the lubricant of state-to-state relations.* They mean interaction between citizens. "People-to-people exchanges can work wonders," Zhang says. The end of the more than 30 years of China-U.S. hostility owes much to the gift exchange between Chinese table tennis player Zhuang Zedong and his American peer Glenn Cowan in the 1971 Ping Pong Diplomacy.
2. *China-U.S. relations are at a crossroads.* The two countries are moving in increasingly contradictory directions. Zhang thinks they can make breakthroughs in educational cooperation. Political relations have high and low points, but exchanges between universities and between citizens must be conducted through solid, stable and long-term channels. "We need to take a candid, open and inclusive attitude and refrain from blocking communication between our people and the civil society in various fields," he says.



3. *Ways to enhance people-to-people exchanges.* Zhang notes that a widely shared belief in UNESCO is that “Since wars begin in the minds of men and women, it is in the minds of men and women that the defenses of peace must be constructed.” In efforts to build the defenses of peace in the minds of people, people-to-people exchanges become even more important. In addition, he argues, these exchanges need to highlight not only cultural diversity but also common humanity. An aggressive push for populism and nationalism will only aggravate divisions and even lead to conflicts between nations, regions and cultures.

Zhang proposes three paths to sustained people-to-people exchanges:

- Continue the policy of engagement and dialogue. Mutual understanding can only be increased through dialogue.
- The best response to differences and divisions is to maximize common ground on major issues while putting aside differences on minor issues.
- Find more areas of common ground.

In conclusion, Zhang suggests making preparations for the arrival of the post-pandemic era. He believes that a good starting point is people-to-people exchanges.



**Chen Wenling**

*Chief Economist, China Center for International Economic Exchanges*

Chen Wenling offers three main suggestions: First, enhance people-to-people exchanges to implement the consensus reached by the Chinese and U.S. heads of state. Second, examine the meaning and value of bilateral people-to-people exchanges. Third, restart people-to-people exchanges on the basis of trust and respect.

Chen believes that public opinion is a good perspective from which to view China-U.S. relations. On one hand, public opinion changes; on the other, public opinion in some countries is rather unpredictable and uncertain, with a notable undertone of herd mentality — especially when populism, nationalism, egoism and anti-intellectualism prevail. Therefore, she says, nations need to pay attention to public opinion, but shouldn't be held hostage by it.

Chen agrees with the idea of promoting people-to-people exchanges in a post-pandemic era. As a result of the pandemic, communication can only be conducted online, which fails to deliver the sense of human intimacy offered by face-to-face meetings. On expanding China-U.S. people-to-people exchanges, she offers several recommendations:

- Expand bilateral exchange and cooperation beyond the usual interaction. An urgent task is to work together to reexamine or reflect on human civilization.

- Dismantle physical barriers, as well as the invisible barriers still in the way. Both sides need to identify issues that may lead to misunderstandings, miscalculations and misjudgments and listen to each other's voice in earnest.
- Promote people-to-people exchanges by resuming the 100-plus exchange and dialogue mechanisms between China and the United States; preparing for the post-pandemic development of tourism; enhancing educational cooperation; promoting exchanges and cooperation between think tanks for in-depth research; and strengthening friendship between the people of China, the United States and the wider world.



### **Wang Dong**

*Full Professor with Tenure at School of International Studies and Executive Director of Institute for Global Cooperation and Understanding, Peking University*

The West's approach to engagement with China since normalization was based on the false assumption that, if given a hand, the country would eventually come to look like the United States, economically and even politically. It didn't work out that way, says Wang Dong.

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In fact, he finds the whole concept offensive. With its ideological rhetoric, Washington has engaged in a process of "othering," which also involves dehumanization and demonization, to frame China as an authoritarian, repressive and aggressive power that stands in opposition to the "liberal, democratic world" represented by the U.S. and its allies, Wang says.

Washington has openly labeled Beijing as a rule-breaker in the existing international order. Worse still, underneath the rhetoric, one may detect an implicit sense of racism, he says.

For Wang, such a Western-centric sense of superiority and arrogance could not be more appalling.

Other evidence of this attitude includes:

- The rise of neo-McCarthyism in recent years.
- U.S. Secretary of Commerce Gina Raimondo saying that the U.S. needs to work with Europe to "slow down China's rate of innovation."
- The Trump administration's infamous China Initiative. The FBI dropped its case against Professor Chen Gang of MIT, who had been accused of concealing ties to Chinese government institutions.
- EU High Representative Josep Borrell Fontelles saying in November: "We Western people — the U.S. and EU — we have been ruling the world... If we are no longer standard-setting, we will not rule the 21<sup>st</sup> century."

If the U.S. were to develop a progressive China policy in the years and decades ahead, such attitudes should be reined in and rectified, in Wang's view.

Dialogues with young people have steered in a more positive direction, Wang says, citing numerous forums supported by his institute in collaboration with the Carter Center and the George H.W. Bush Foundation on U.S.-China Relations.

"What I was most impressed with is that when young people gather together, there is no baggage of ideological prejudice, and they are able to engage in genuine, candid, mutually respectful, warm and indeed inspiring exchanges," Wang says.

"President Xi Jinping has said many times that the hope of China-U.S. relations rests on the shoulders of young people. This cannot be more true."

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

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

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

You can download the 2019 Forum Summary [here](#), and view the forum [here](#).



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The China-United States Exchange Foundation (CUSEF) and the China Center for International Economic Exchanges (CCIEE) co-hosted the “The Way Forward” forum virtually on January 26-28, 2021.

More than 40 influential experts on the China-U.S. relationship from the United States, China, and other Asia Pacific countries, discussed how China and the U.S. should move forward in light of the new U.S. administration and used the opportunity to identify areas of cooperation between the two countries to tackle global challenges, including climate change, the environment, food security, cybersecurity and COVID-19.

You can download the 2021 Forum Summary [here](#), and view the Forum [here](#).





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