

China Brief
Exclusive

US-China Policy Under an Obama Administration

By Barack Obama



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Senator Barack Obama

In the coming years, the United States and China face challenges that require fresh thinking and a change from the US policy approach of the past eight years. How the US and China meet these challenges, and the extent to which we can find common ground, will be important both for our own countries and for others in Asia and beyond.

China has achieved extraordinary, sustained growth over the past three decades. Hundreds of millions of people in China live better now than most thought possible even two decades ago.

But as China's leaders acknowledge, China must make some basic adjustments if it is to continue sustained, shared economic growth. China must develop practices that are more environmentally sustainable and less energy intensive, that boost domestic consumption as an engine of growth, that enhance the social safety net, and that encourage indigenous technology innovation. Otherwise, the country's future performance may fall well short of its potential.

The United States has the world's largest and strongest economy, but we, too, must make serious adjustments in order to be competitive in the 21st century. We must end the fiscal irresponsibility of recent years that has led to record high deficits and a record low national savings rate. We must invest in infrastructure, education, health

care, science and technology. And we must break our addiction to oil and launch a historic effort to transform our economy by investing in renewable technologies, energy efficiency and the next generation of clean vehicles. These initiatives will help lay the foundation for broad based, bottom-up economic growth that benefits all Americans and helps strengthen US-China relations as well.

We know that America and China can accomplish much when we recognize our common interests. US and Chinese cooperation in the Six Party Talks on the North Korean nuclear issue over the past few years makes clear that we can work together constructively, bilaterally and with others, to reduce tensions on even extraordinarily sensitive issues.

More broadly, the United States supports and benefits from security and stability in Asia. We need to address the principal causes of regional tension. As I made clear in my congratulatory letter to Ma Ying-jeou on his inauguration, we support steps to build trust across the Taiwan Strait and improvements in relations between Beijing and Taipei, now more possible with good will by both sides than at any time since the mid-1990s. Reduction of tensions between China and Japan is in the interests of those two countries, and of the United States. We seek the type of stability and well-being on the Korean peninsula that can only be brought about by the complete elimination of North Korea's nuclear weapons program and normalization of relations between North Korea and all the participants in the Six Party Talks. And finally, and critically, we need a strong foundation for a long-term positive and constructive relationship with an emerging China.

I firmly believe that an active, sophisticated and nimble US diplomatic, economic and security presence in the region is critical to achieving these and related goals. Our alliances with Japan, South Korea, Australia, the Philippines and Thailand are the foundation of the US security presence in the region and contribute greatly to regional stability, threatening to no one. Along with the forward deployment of our military forces in the Western Pacific, they are a necessary but not sufficient basis for

a sound strategy to strengthen regional security and stability. An Obama Administration will look for opportunities to work with China and others in the region to foster an environment where regional stability and prosperity flourish.

Asia's economic and security landscape is changing, and this requires special attention to understanding unfolding developments in the region. But America's interests in the vitality and stability of the region are enduring.

With this in mind, I want to address some of the key issues that directly involve our two countries.

Trade and investment undergirds prosperity, and the US and China have one of the largest and most important bilateral economic relationships in the world. Our two nations are the first and third largest trading nations, and China has in recent years been America's most rapidly growing major export market.

I know that America and the world can benefit from trade with China, but only if China agrees to play by the rules and act as a positive force for balanced world growth. I want China's economy to continue to grow, its domestic demand to expand and its vitality to contribute to regional and global prosperity. But China's current growth is unbalanced, and in recent years domestic consumption has actually gone down as a percentage of GDP. To increase internal demand Beijing will have to improve substantially its social safety net and upgrade its financial services sector to bring its consumption in line with international norms.

Central to any rebalancing of our economic relationship with China must be change in its currency practices. Because it pegs its currency at an artificially low rate, China is running massive current account surpluses. This is not good for American firms and workers, not good for the world, and ultimately likely to produce inflation problems in China itself.

As President, I will use all the diplomatic avenues available to seek a change in China's currency practices. I will also undertake more sustained and serious efforts to combat intellectual property piracy in China, and to address regulations that discriminate against foreign investments in major




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Election Day is November 4

tion in each of these areas, but in some we continue to have real differences, about which we must be candid. In particular, I look to China to work with us to prevent Iran from developing nuclear weapons, to halt the genocide in Darfur and to help reverse the slide into anarchy in Zimbabwe.

Greater progress in protecting the human rights of all its people and moving toward democracy and rule of law will better enable China to achieve its full potential as a nation, domestically and internationally. China's own people will expect, indeed demand, this. Such change will not weaken China, as its leaders may fear, but will provide a firmer basis for long-term stability and prosperity. China cannot stand indefinitely apart from the global trend toward democratic government, rule of law and full exercise of human rights. Protection of the unique cultural and religious traditions of the Tibetan people is an integral part of such an agenda.

Since the 1970s, America's policy of engaging China has produced major benefits for both sides and for Asia overall. The US-China relationship has had its share of challenges, and new ones will inevitably emerge. Especially in a world of common security, where events in any corner of the globe can affect the entire planet, the world more than ever requires that every major country not only pursue its narrow interests but also accept its responsibility to pursue urgently needed solutions to these broader problems. My administration will seek to revitalize America and lead it to realize its full potential for constructive engagement in Asia and in the global arena. 

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sectors and other unfair trading practices. And I will work with the Chinese government to establish a better system for both countries to monitor products produced for export and act when dangerous products are identified.

As President, I will take a vigorous, pragmatic approach to addressing these issues, utilizing our domestic trade remedy laws as well as the WTO's dispute settlement mechanism wherever appropriate. High-level dialogue among economic leaders in both countries is also important to achieving real progress. My approach to our economic relationship is positive and forward-looking: to remove obstructions to gaining the benefits of trade and thus to enable faster, and healthier, growth in both economies.

Climate change is a truly common challenge and a long-term problem that must be addressed now. The United States has done too little on the issue, and I will work with the Congress and the private sector to change that.

The United States and China have heavy, if different, responsibilities to meet this vital challenge. For too long, however, each has pointed a finger at the other's attitudes as an excuse for not itself doing more. That must stop.

The climate change challenge demands that the United States and China develop much higher levels of cooperation without delay. We are currently the world's two largest consumers of oil and the two largest emitters of green-

house gasses. As the world's richest developed economy and largest and most dynamic developing country, our cooperation to reduce the threat of climate change can produce models, practices and technologies that will provide impetus to global efforts, including those to reach agreement on a post-Kyoto climate regime.

America and China have developed a mature, wide-ranging relationship over the past 30-plus years. Yet we still have to do serious work if we are to create the level of mutual trust necessary for long-term cooperation in a rapidly changing region. Each country has deep concerns about the long-term intentions of the other, and those concerns will not disappear of their own accord.

Cooperation on the key, enduring global challenges, such as climate change, can deepen understanding and enhance confidence. We also need to deepen high-level dialogues on a sustained basis on economic, security and global political issues. Our militaries should increase not only the quantity of their contacts but the quality of their engagement.

In the modern world, non-traditional security threats are looming increasingly large. These include the challenges of terrorism, proliferation, failed states, infectious diseases, humanitarian disasters and piracy on the high seas. The United States and China have developed some coopera-