

U.S.-China Bi-National Commission

## Building U.S.-China Trust Through Next Generation People, Platforms, and Programs

### Introduction

Interaction and independency between the United States and China grows every day, but surveys show that Americans and Chinese have increasingly unfavorable attitudes towards each other's country and are less trusting of the other.

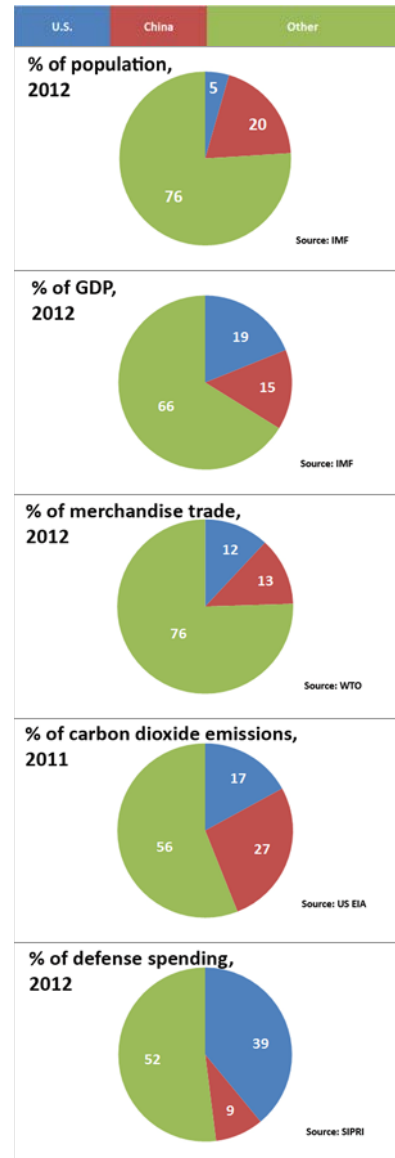
**Trust is essential in fostering cooperation and avoiding conflict between the United States and China. This report explores how the United States and China can build mutual trust through enhanced communication, increasing the flexibility and confidence of policymakers as they work to build a constructive, broad-based bilateral relationship. It provides suggestions on ways the two countries can reduce mistrust by broadening engagement across each society. By changing the overall context in which difficult issues are addressed and incidents handled, we can increase the capacity of leaders to work cooperatively towards solutions that, in turn, increase mutual trust.**

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While improving U.S.-China ties is vital for our two countries, it matters a great deal to others as well. The charts to the right illustrate this. From economic output (34% of the world total) and defense spending (48%) to climate changing emissions (44%), the U.S. and China have an outsized impact on our world.

Americans and Chinese recognize this and acknowledge the centrality of the U.S.-China relations. We generally affirm the need to strengthen the relationship. Our countries face great security, economic, and environmental challenges. These include reducing the threat of nuclear weapon proliferation, increasing security in the Pacific, shrinking gaps between haves and have-

### The U.S. and China in the World



Sources: International Monetary Fund, World Trade Organization, U.S. Energy Information Agency, Stockholm International Peace Research Institute.

nots, increasing productivity while reducing climate-changing pollution, providing for aging populations, and strengthening international cooperation to address global concerns.

Overcoming these challenges presents many opportunities for U.S.-China collaboration and effectively addressing some of these problems demands such collaboration. While shared needs and desires bring the U.S. and China together, there are also interests and values that separate the two nations. Some in America worry that China's rise must necessarily come at America's expense and some in China believe that America is working to contain a rising China. As our economies have become more intertwined, disputes over trade, investment, and intellectual property protection have more heated and multifaceted. Security issues, often involving third parties and now including cybersecurity, have become more prominent and pressing. The scale of the climate change problem grows every day.

**Insufficient trust between the U.S. and China hampers progress on these and other issues. Some of the mistrust is the product of our different histories, political systems, and cultural norms. Some of it may be attributed to problems of transparency or communication. Some is generated by forces within each country that see true U.S.-China cooperation as impossible and undesirable. And some is the legacy of failures to forge agreements or to fully implement them.**

At the same time, extensive and growing exchanges of all sorts exist between the U.S. and China. Everyday people work across national and cultural boundaries to address myriad shared problems from food safety and urban planning to space medicine and piracy on the high seas. Expanding the most effective of these programs and utilizing lessons from them to initiate and improve exchanges involving more contentious matters should be a priority of governments, institutions, and peoples in both countries. Through such efforts and focusing wider attention on them, the U.S. and China can build a stronger foundation of trust. This cannot be accomplished easily or quickly. Trust must be routinely nourished in order to be sustained. Enhancing trust increases the ability of Americans and Chinese to cooperate more fully and manage our differences more effectively.

This report, therefore, concentrates not on offering specific and comprehensive solutions for the many difficult issues that mark U.S.-China relations, but on changing the context within which discussions focusing on those issues take place, by identifying concrete activities which over the medium and long term can enhance trust. Two key themes of the report are

- a) We should involve a greater range of institutions and individuals in U.S.-China exchanges, including programs on crucial issues.
- b) We should employ new technologies and platforms to facilitate such exchanges, especially among young people.

**Our focus is on what can and should be done to utilize next generation tools and to engage the next generation of decision makers in activities that will provide them with a strong familiarity with the issues and interests undergirding them, with each**

**other, and with the necessity of more successfully managing our complex relationship.**

We recognize that even a strong foundation of trust will not prevent the emergence of differences between the U.S. and China. A stronger foundation of trust, however, will lessen the negative impact of such differences on other aspects of our relationship and will increase our chances of finding ways to resolve such issues.

This report is the work of a bi-national commission, led by Ernest Wilson III, dean of the Annenberg School for Communication and Journalism at the University of Southern California, and Wang Jisi, dean emeritus of the School of International Studies at Peking University. The Commission is comprised of senior experts from both countries. They are distinguished scholars and businesspeople. They have extensive experience in politics, diplomacy, economics, trade, and communications. Some of the commissioners have served as high-level government policymakers. Most advise government agencies. All have a deep knowledge of U.S.-China relations and have long been committed to strengthening ties between the two governments and peoples. They share concern over the strategic distrust that exists between the U.S. and China and believe that we can act now and over the long term to greatly improve trust so as to minimize and manage tensions between the two countries.

In this report, we:

1. Explain why trust-building is critical to improving U.S.-China relations
2. Identify communication as key to trust-building
3. Review and evaluate existing efforts to foster greater understanding and trust
4. Recommend actions to take now to build trust between the two nations

This report is the product of extensive discussion among the commissioners and staff and incorporates ideas shared by many others through commission meetings and interviews. A list of many of our advisors is included. Their generous input has been invaluable and we are grateful to each of them. They, of course, may not agree completely with each aspect of our analysis and recommendations. We welcome their feedback and yours. Please share and discuss this report with others and give us your ideas via our website [china.usc.edu/trust](http://china.usc.edu/trust).

# I. CONTEXT

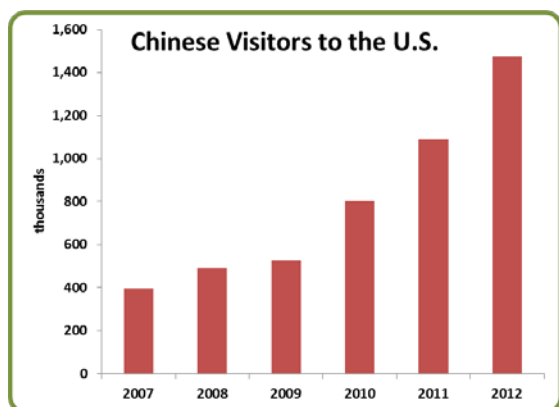
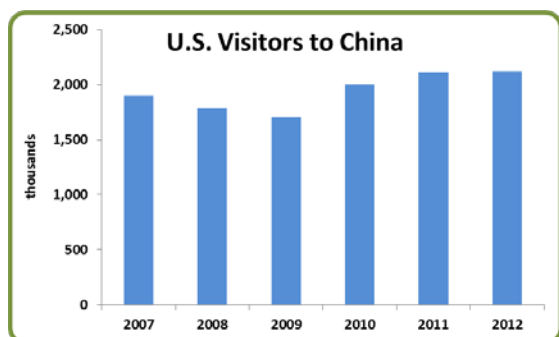
## Ever Closer, but Less Trusting

Where are we now? Here we note our expanding ties and examine American and Chinese perceptions of each other and of the relationship. We also identify sources of distrust and note some of its manifestations.

### 1. Growing interaction and interdependency

The U.S.-China partnership is an essential relationship for both countries, but also perhaps their most challenging. Since the restoration of high-level communication between the United States and China forty-one years ago and the establishment of formal diplomatic relations thirty-four years ago, relations between the two nations have changed dramatically. Security concerns brought the U.S. and China back together. Initial cultural and academic exchanges were limited and there was almost no trade. In recent decades, however, our economies have become joined at the hip and there is a wide range of scientific, cultural, and other exchanges. Officials from every level of government meet with counterparts and people from across the two countries meet in both extended and short exchanges.

#### Cooperation has been particularly strong in the economic and academic realms.



Sources: China National Tourism Administration, U.S. Office of Travel and Tourism Industries,

Students and scholars increasingly work in each other's countries and often work in close consultation. Businesspeople have dramatically built trade between the two countries. Beyond this, investors from China are now looking to exploit opportunities in the U.S., just as their American counterparts have long done in China.

Together, the U.S. and China account for one third of global economic output and one-fourth of global trade. As the two largest economies, the U.S. and China have a disproportionate impact on the health of the global economy and a disproportionate stake in acting to promote global economic stability. In broad terms, the leaders of the two countries agreed on how to best respond to the global financial crisis which began in 2008. On structural questions and specific policies, however, there continues to be considerable disagreement as manifest in disputes at the World Trade Organization, in the G-20 multilateral talks, and in the bilateral

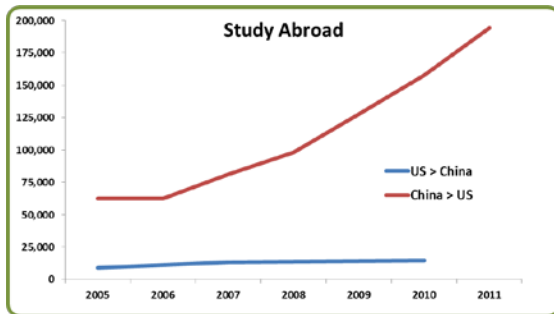
## Strategic and Economic Dialogue.

An increasing number of Americans and Chinese are visiting, working, and studying in each other's countries. On an average day, about 6,000 Americans arrive in China and about 4,000 Chinese arrive in the U.S. Rising incomes and liberalized U.S. visa policies have

facilitated a quick rise in Chinese tourism. In 2006, fewer than 1,000 Chinese came to the U.S. each day.<sup>1</sup>



Many of those visitors are traveling on business, helping to facilitate the more than half a trillion dollars of trade that took place between the two countries in 2012. Since China entered the World Trade Organization in 2001, its exports to the U.S. have risen fourfold. What is less well-known, however, is during the same period American exports to China have risen fivefold.<sup>2</sup>



Sources: U.S. Dept. of Commerce, Institute of International Education.

Companies large and small are involved in this trade which employs millions. In addition, American companies have invested \$51 billion in China, often in order to sell to Chinese customers.<sup>3</sup> Tens of thousands of Americans live and work in China, the second largest foreign contingent, only surpassed by South Koreans.<sup>4</sup> At the same time, Chinese

companies are increasingly looking to invest in the U.S. They invested nearly \$7 billion in the U.S. in 2012.<sup>5</sup> While China is so far a comparatively small investor in U.S. properties and businesses, with \$1.2 trillion in U.S. Treasury securities, China has for several years been the largest foreign investor in American government debt.<sup>6</sup>

China became the largest supplier of foreign students to the U.S. in 2005 and now over 240,000 Chinese are studying in the U.S. American students have been far less enthusiastic about studying in China. Too few Americans study abroad and too few of that pool heads to China. In 2010, only 5% of the Americans who studied abroad went to China, making it the fifth most popular destination.<sup>7</sup> The Obama Administration's 100,000 Strong Initiative aims to dramatically boost the number of Americans studying in China. Private support and Chinese government scholarships are helping in this regard.<sup>8</sup>

A large and growing number of Americans and Chinese have personal contacts and experiences in the other country. Polls suggest that greater contact yields deeper understanding and appreciation of the other. Expanding this pool of people should be a priority of the two governments and other institutions interested in fostering greater trust and improving ties.

## 2. Is there mistrust? Public opinion surveys on U.S.-China attitudes

Americans and Chinese and their governments recognize the centrality of U.S.-China ties. Majorities in both countries describe the relationship as important and generally positive. Majorities hope the relationship could be improved. At the same time, significant numbers of policymakers and ordinary people express distrust of the other side's long-term intentions.

Three surveys – the Pew Global Attitudes Project, the BBC World Service Country Rating poll, and the Committee of 100's US-China Public Perceptions and Opinion Survey – are especially useful in assessing if there is mutual distrust and, if there is, whether the situation is getting worse. In addition, we draw upon the work of the Chicago Council on Global Affairs, the German Marshall Fund of the United States, and the Gallup Organization primarily to illuminate American attitudes toward China.

The Pew Research Center has conducted surveys in a wide range of countries over a period of more than 10 years and thus provides a longitudinal view of attitudes over time. The BBC poll has measured perceptions of country influence among more than two dozen nations since 2005. The Committee of 100 surveys, conducted in the U.S. and China 2007 and 2012, focuses on relations between the two countries.

Of these, the Committee of 100 survey and recent Pew surveys ask questions directly relating to trust between the U.S. and China. However, other surveys include questions that help us understand how perceptions of the relationship have changed. First, the substantial polling on how favorably each public views the other country provides a gauge of the general sentiment each nation has of the other. Second, other data highlights areas of perceived conflict and shows how widely held perceived threats are. Third, data on how people assess the current nature of U.S.-China relations and the likelihood of change in the countries' relative global influence enhances our understanding of how visions of the future affect perceptions of the present.

There are three crucial questions to examine in order to grasp the current state of trust in the U.S.-China relationship. First, is there mutual distrust between the two countries? Second, how serious is this distrust? Third, why does this matter?

*Is there mutual distrust?*

**Each public's general sentiment toward the other is tepid at best, and has worsened over the past three years.** In spring 2013, over half of the Americans surveyed told Pew they had a very or somewhat unfavorable view of China, a 16% increase in negative sentiment since 2011. A slightly larger majority of Chinese had a negative impression of the U.S., a 7% increase in negative sentiment since 2011.<sup>9</sup>

Over the years, the BBC survey has found Americans much more negative toward China than Pew. In spring 2013, some 67% of those surveyed told the BBC's pollsters they had a

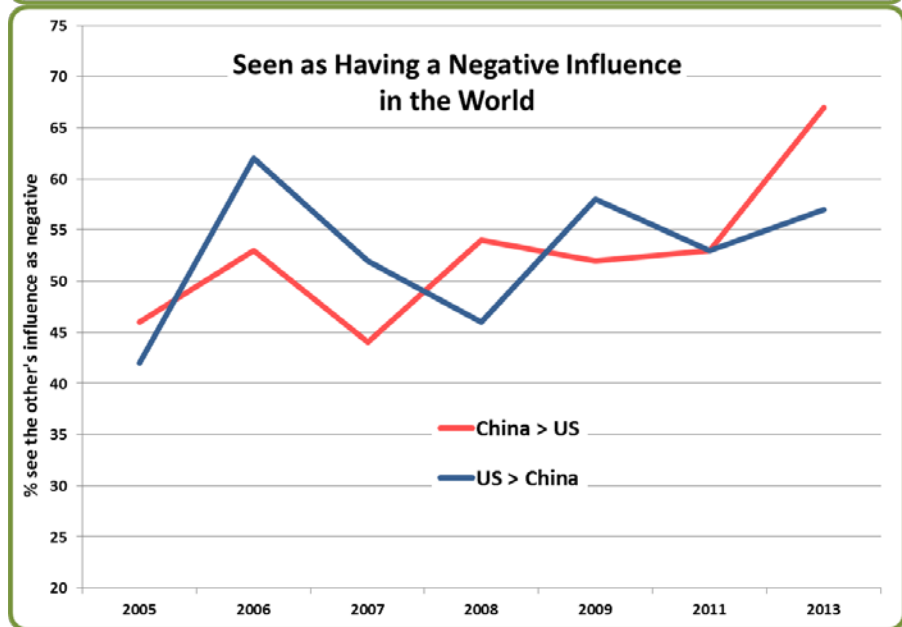
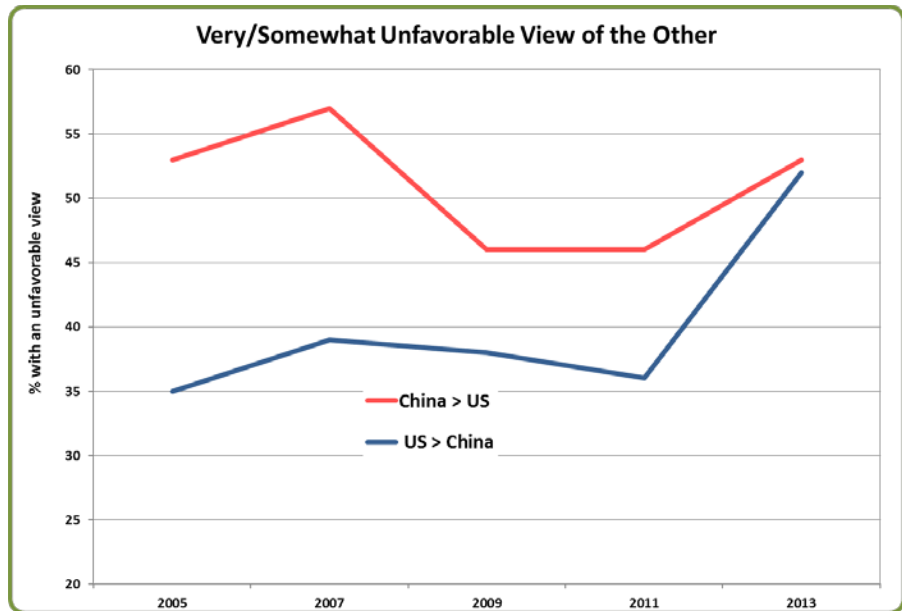


mainly negative view of China. 57% of Chinese said they had a mainly negative view of the U.S. **Most of the Americans and Chinese asked also felt the other country had a “mainly negative influence in the world.”** Two out of three Chinese felt this way about the U.S., a steep increase from 2011. Fewer than one-quarter of Chinese and Americans felt the other country had a “mainly positive influence in the world,” a significant drop from 2009-2011 surveys.

Both Americans and Chinese are more negative toward the other country than are people in other countries surveyed by the BBC and Pew. The 2013 BBC survey, for example, found that 45% of those surveyed (excluding Americans) had a positive view of America’s influence and 42% (excluding Chinese) had a positive view of China’s influence in the world.<sup>10</sup> In Pew’s 2013 survey, 63% of those in 38 countries had a favorable view of the U.S. and 50% had a favorable view of China.<sup>11</sup>

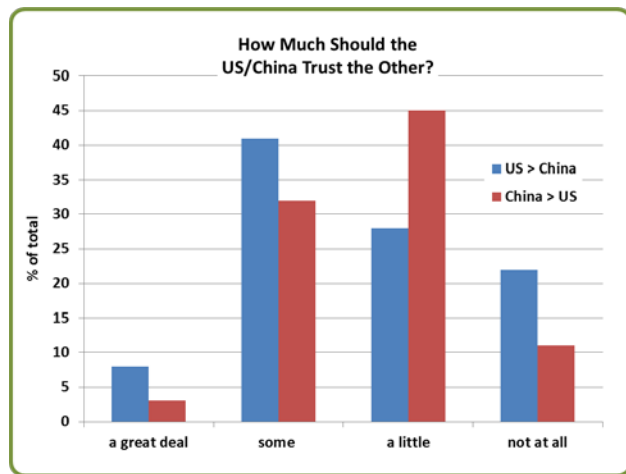
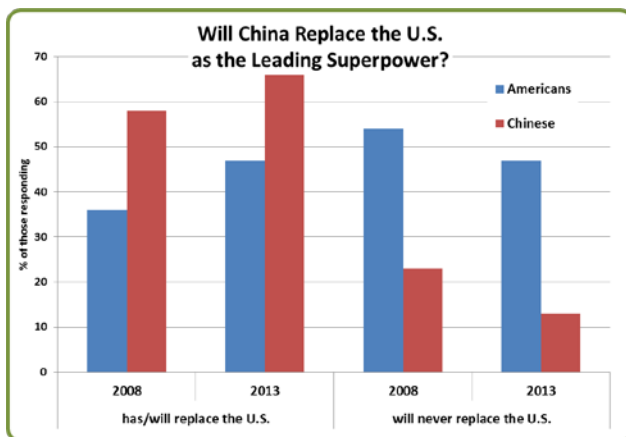
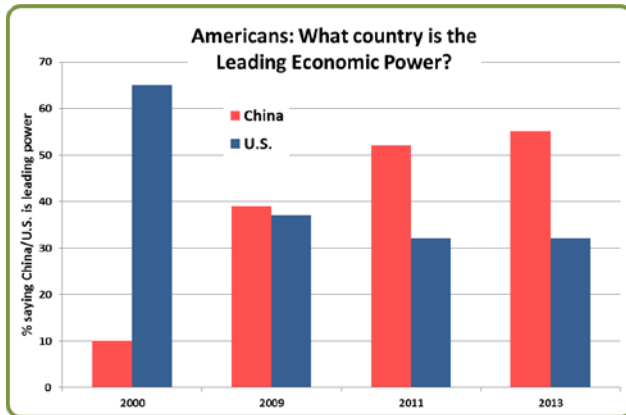
**Having a negative view of the other, however, does not keep Americans and Chinese from seeing the other as generally friendly.**

Since 2003, Gallup pollsters have found a majority of Americans see China as friendly. In June 2013, just before the Barack Obama/Xi Jinping meeting in California, 55% said China was friendly and just 14% labeled China an enemy.<sup>12</sup> A *Global Times* poll conducted just after the meeting reported 53% of Chinese in seven cities considered the U.S. an ally or at least friendly.<sup>13</sup>



Sources: Pew Research Center, BBC World Service.

People in both countries and elsewhere recognize China's increasing global influence.



Sources: Gallup Organization, Pew Research Center.

**56% of Chinese and 50% of Americans think that each nation should trust the other only a little or not at all. Distrust is the norm among the people of each country.**<sup>17</sup>

Most Americans feel the lack of trust is a great problem. Three-quarters of those polled by Gallup said lack of trust was the biggest barrier to better relations.<sup>18</sup> Responding to Pew pollsters in 2012, only one in four Americans (26%) thought China could be trusted “a great deal” or “a fair amount.” A slightly larger share (26-34%) of the retired military,

in 2008, a plurality of Americans told Gallup that China was the “leading economic power in the world.” In 2011 that plurality became a majority. In spring 2013, 53% of Americans said China was on top.<sup>14</sup> An increasing proportion of Americans have told Pew that China will (or already has) replaced the U.S. as the leading superpower. In 2008-2009, about a third of those polled said this. In spring 2013 47% said China is or will be on top, but the same share said China would never replace the U.S. Since 2009, two-thirds of the Chinese asked have said China has replaced or will replace the U.S. Few Chinese (13%) doubt China will replace the U.S.<sup>15</sup>

In 2013, virtually half of the Chinese surveyed told Pew that the U.S. considered Chinese interests a great deal or a fair amount. At the same time, fewer than a quarter of Chinese approve of Obama's international policies, a drop of 34% since 2009 when he had just taken office. Only 19% said Obama's reelection had a positive influence on their opinion of the U.S. **56% of Chinese believe China doesn't get the respect it deserves from people around the world.** At the same time, most Americans don't believe China gives U.S. interests much consideration in making its foreign policy decisions.<sup>16</sup>

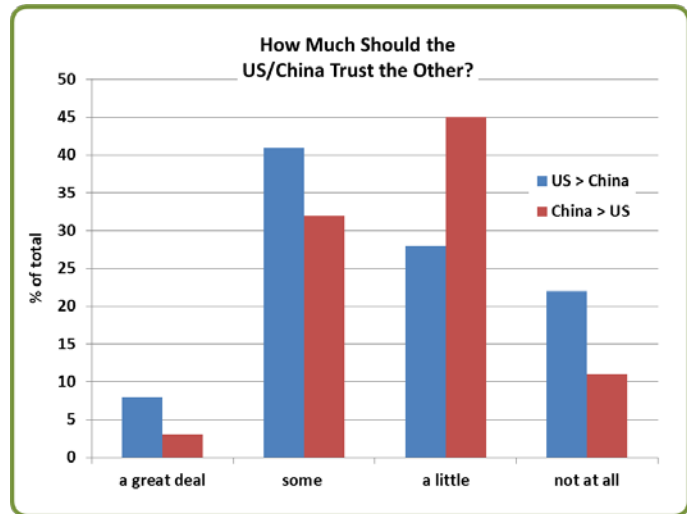
Despite our interconnectedness, there exists a high level of mutual distrust in the U.S.-China relationship among the public as well as among policymakers. **The 2012 Committee of 100 survey found that**



academic, business, and government specialists and journalists Pew asked felt that China could be trusted.

*How serious is the situation?*

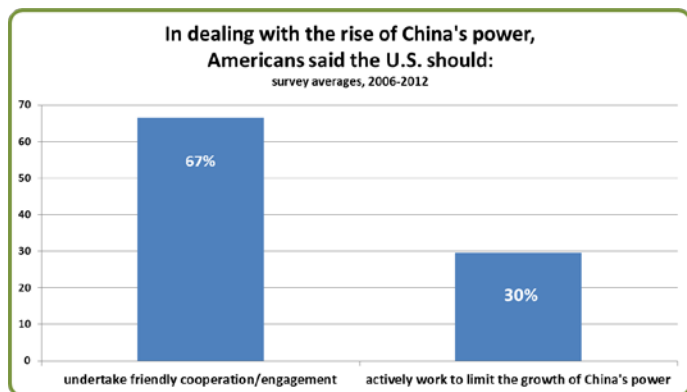
Americans generally believe that having a close relationship with China is a good thing, but worry that China’s growing influence in the world is not. Recent Pew polls found that a majority of Americans (52% in 2012) see China’s emerging power as a major threat. China, well ahead of Iran or North Korea, was seen as posing the greatest danger to the U.S., though only a quarter of the general public felt this way.<sup>19</sup>



Source: Committee of 100.

An even larger majority of Americans (67%) in the Committee of 100 survey see China’s growing military power as a serious or potential threat to the U.S. (though this is down from 75% in 2007).<sup>20</sup> From 2007 to 2012, roughly half of those Americans surveyed by German Marshall Fund pollsters felt China represented a military threat to the U.S. In 2011-2012, 59-63% of Americans said that China represented an economic threat. Less than a third of those surveyed thought China’s economic rise offered the U.S. an economic opportunity.<sup>21</sup> In recent American election cycles, some politicians attempted to capitalize upon the evident unease among the public about what China’s rise means for them.<sup>22</sup>

At the same time, from 2006 to 2012, a large majority of Americans (64-69%) told the Chicago Council that the U.S. should seek a friendly relationship with China and seek to deepen engagement. Only 28-33% over those years advocated “working to limit the growth of China’s power.”<sup>23</sup> The portion of the U.S. public which said “the U.S. accepts China’s status as a rising power and wants a collaborative relationship” rose from 64% in 2007 to 72%, in 2012, according to the Committee of 100 survey.<sup>24</sup>



Source: Chicago Council on Global Affairs

Nonetheless, many Chinese leaders and academics say they fear the U.S., like previous great powers, will strive to maintain its dominance. To counter what they see as a historical tendency for there to be war between the established power and the rising power, Chinese leaders have been calling for a “new kind of great power relationship.”<sup>25</sup> The Obama Administration describes its focus on Asia as “reengagement” and aimed at fostering

stability and prosperity, but China’s leaders and public see it as aimed at constraining China. Most Chinese (52%) told Committee of 100 pollsters in 2012 that “the U.S. is trying to prevent China from becoming a great power.” In 2007, only 32% of the Chinese public felt this way.<sup>26</sup>

The Committee of 100 also asked Americans and Chinese which issues were most likely to generate conflict between the U.S. and China. In 2012, Americans identified felt trade (36%), human rights (28%), and industrial espionage/cybersecurity (28%). Chinese pointed to Taiwan (49%), regional security (33%), and human rights (21%) as the most likely flash points. In 2007, the lists were similar, except that regional security nearly doubled from 17% of Chinese respondents as a concern.<sup>27</sup>

It is worth noting that these results were produced by specific questions about policy and threats. It’s not something most Americans or Chinese are focused on. Asked by Committee of 100 pollsters for their initial thoughts about China, about a quarter of Americans mentioned the country’s culture, history, food, or the Great Wall. 15% noted that it was a large country or that it had a large population. 13% said cheap products, noted China’s large exports to the U.S. or mentioned Walmart. Asked for initial thoughts on the U.S., the most common Chinese response was “not sure” (31%). 11% mentioned war or military and 10% said 9/11 terrorist attacks or mentioned anti-terrorism.<sup>28</sup>

What issues occupy American and Chinese minds? The 2012 Committee of 100 survey identified the following priorities:

U.S.	% of general public	China	% of general public
jobs and the economy	71	corruption	43
politics, government, campaign finance reform	30	jobs and the economy	28
government budget, spending, deficit	25	income inequality	28

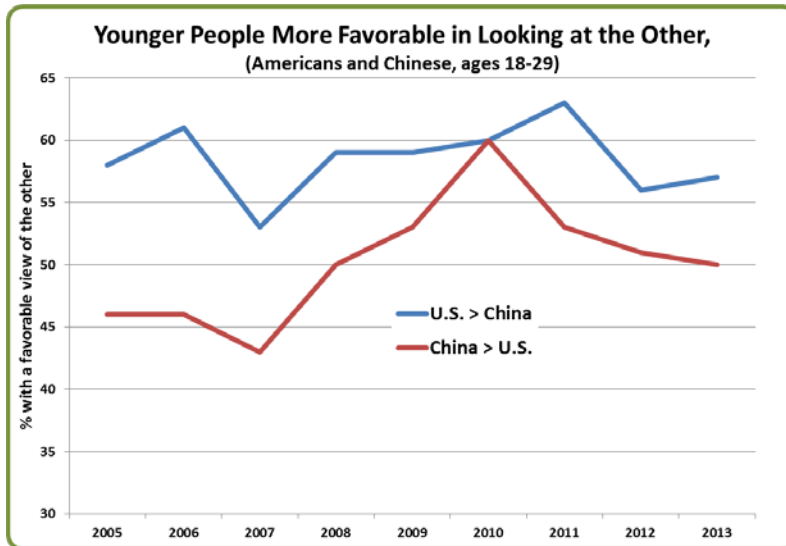
Source: Committee of 100.

Two 2012 Pew surveys largely confirm these results. In the U.S., however, terrorism was cited by seven out of ten respondents as a priority, behind the economy and jobs. In China, the third top concern was food safety (41% said it was a very big problem).<sup>29</sup> Social trust and trust of political figures within both societies is a problem, though these surveys highlighting suspicions of official corruption and fear of adulterated food suggest the issue is particularly acute within China.<sup>30</sup>

**When they do focus on international affairs and the U.S.-China relationship, though, majorities in both countries don’t see a partner or an enemy. Increasing numbers in both countries perceive the other as a determined rival posing at least a potential threat.** This is a boon to those who use nervousness about the other for domestic political purposes, but it is a potent obstacle for those seeking to address thorny bilateral or international issues.

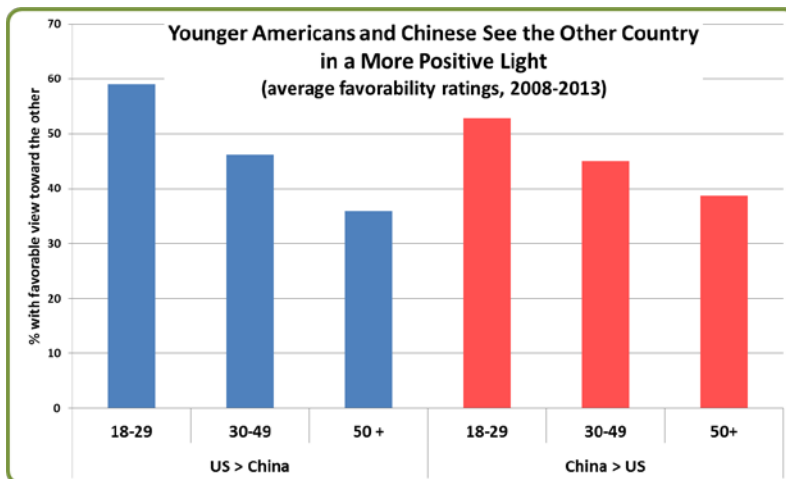
Are there any hopeful signs?

**The most hopeful sign from these surveys is that most Americans and Chinese want an improved relationship.<sup>31</sup> Beyond this, we are much encouraged by surveys showing that young people are significantly and consistently more positive toward the other country.** In 2011, the German Marshall Fund found that 59% of Americans aged 18 to 24 had a favorable view of China, compared to only 33-37% for other age groups.<sup>32</sup> In



spring 2013, Gallup found that while only 43% of Americans had a favorable view of China, 72% of those between 18 and 29 saw China as either an ally (20%) or friendly (52%).<sup>33</sup>

These results are in line with Pew data for the period 2005-2013. This spring, Pew pollsters found that 57% of Americans between 18 and 29 had favorable opinions toward China and 50% of Chinese in that age group held favorable opinions of the U.S.<sup>34</sup>



Source: Pew Research Center.

The views of American young people are generally more favorable towards China than the views of Chinese young people toward the U.S. Still, when majorities in both countries express unfavorable views toward the other, it's striking that 50% of Chinese and 57% of American young

people see the other in a favorable light.

Not long ago, scholars and journalists were struck by the rise of so-called “angry youth” in China, especially in tracking internet commentary. Younger Chinese, however, for at least the past nine years, have had much more favorable views of the U.S. than older Chinese.

Reasons for this “generation gap” are not clear. The gap is likely tied to young people being in general more open, less reliant on traditional news sources, and having more direct personal contact with people and cultural products from the other country. In any event, they are more favorable in their views and are much less inclined to have hard negative

feelings toward the other country. For those eager to foster deeper understanding and build trust between the U.S. and China, younger people are an especially promising target audience.

### *Implications*

These surveys tell us that there is mutual distrust in the relationship and that distrust is growing, but also that younger people are resistant to those trends. Distrust is a great hindrance to efforts to resolve issues between the U.S. and China and to improve our relationship. Focusing on younger people through new programs utilizing new communication platforms holds the greatest promise for strengthening trust between the two countries over the long term. Our recommendations focus on this.

## **3. The challenge of mutual distrust**

Strategic trust in bilateral relations and concerning international issues means that both sides recognize that their common interests outweigh their differences. Each side believes the other side understands their core concerns, though it may not accept their views on them. Strategic trust does not mean there are no conflicts over interests or values. When there is strategic trust, however, the two sides work to minimize the impact of those differences on the overall relationship. One recent example where an incident was not permitted to stymie efforts to advance the overall relationship occurred in 2012 just before the Strategic and Economic Dialogue. Legal activist Chen Guangcheng sought sanctuary in the U.S. Embassy. To keep the focus on resolving differences and strengthening the relationship, Beijing permitted Chen to go to the U.S. to further his studies.

**In general, though, there is distrust between the U.S. and China. As a result, the two sides often pay far more attention to their differences than to the interests they share. Rather than celebrating the many and varied productive collaborations between the U.S. and China, the two sides too often focus on where they have failed to cooperate or failed to keep pledges they have made.**

Our discussion here of the principal causes of U.S.-China strategic distrust is much informed by work Commission Co-chair Wang Jisi has done with Kenneth Lieberthal of the Brookings Institution.<sup>35</sup> Those causes include the following:

*a) Structural changes in the international system: perceived changes in relative power between China and the United States*

China's remarkable economic growth, especially since entering the World Trade Organization, has sharply narrowed the GDP gap between the two countries. China has built some of the most impressive transportation networks and amazing urban skylines anywhere, has hosted mega-events, has increased military and domestic security spending dramatically, and has become the largest foreign holder of U.S. government debt. China's economic growth has slowed and its government has pledged to restructure the economy

so that future growth is driven by domestic consumer demand and is less reliant on exports and on investments funded by easy credit. Even so, most expect China's economy to surpass America's. On a per capita basis, though, China's economy will remain quite a bit smaller than America's. And China's military, though bolstered by double digit annual spending boosts facilitating some high-profile naval and air force advances, still consumes a fraction of what the U.S. spends on defense and lacks the American military's reach.

**The change in the relative economic and military capacity of the U.S. and China is real, but many in both countries exaggerate the scope and pace of the change.** The changes and perceptions of them have hardened the resolve of some in the U.S. to "draw a line" and emboldened some in China "to assert our interests." On the economic side, there are allegations by both sides of unfair restrictions on investment or market access. On the security side, the U.S. has insisted that while it takes no position on the many territorial disputes in the East and South China Sea that it opposes unilateral efforts to change the status quo. Some Chinese have criticized the U.S., arguing that without its backing, some of China's neighbors would have already settled disputes. And on an issue that has both economic and security dimensions, cyberespionage and theft, the two sides have traded charges and countercharges. Top American and Chinese leaders have spoken frequently of their countries' desire for peace and productive exchange, but many in both countries harbor anxieties about the other's ultimate aims.

The Chinese push for a "new kind of great power relationship" stems from these worries. Initial American reluctance to formally embrace even the phrase stemmed from uncertainty as to what that such a relationship would actually mean, beyond the already stipulated desire for continued peace between the U.S. and China and cooperation in addressing bilateral, regional, and global issues. Since the Obama-Xi meeting in California, however, both sides routinely employ the phrase.

#### *b) Differences in political and value systems*

**The differences in the political and value systems between China and the U.S. consistently nurture U.S.-China distrust.** Beginning with John Foster Dulles in 1953, the U.S. supported the idea of promoting the peaceful evolution of communist governments. Mao Zedong and succeeding generations of Communist Party of China leaders warned Chinese to be on guard against these efforts. China's leaders argue that Americans raise human rights concerns or praise democracy in Taiwan not because of a real commitment to those causes, but as wedge against China's government and part of an effort to ensure continued American dominance. They point to U.S. encouragement of Eurasian "color revolutions" and U.S. sympathy for and support of the Arab Spring uprisings as evidence that U.S. remains committed to changing governments it doesn't like, including China's.

Chinese analysts often assume that U.S. policy is the outcome of a carefully managed strategy-development process. They frequently have insufficient appreciation of the many and often contentious actors involved in the process. For instance, in 2010 when the Google announced that it had come under a cyberattack likely supported by the Chinese state, and as a consequence would cease censoring its search results, many in China's political

establishment were certain that the U.S. government encouraged Google to incite anti-government sentiment among China's netizens. In another case, some Chinese argue that the U.S. and its allies pushed awarding the 2010 Nobel Peace Prize to imprisoned Chinese democracy activist Liu Xiaobo as a way to pressure China's government.

Americans and their leaders often assume that Chinese pronouncements, decisions and actions with foreign policy implications are fully vetted and endorsed by top leaders. But as Wang Jisi lamented in 2011, China has not publicly articulated a foreign policy grand strategy.<sup>36</sup> This lack of transparency in Chinese policy increases American anxieties about Chinese strategic intentions in its neighborhood and toward the U.S. Moreover, U.S. leaders believe democratic regimes are inherently more stable and likely to seek peaceful resolutions to disputes. And there are groups and political figures in the U.S. who insist that China's government is repressive and can't be trusted. They and others doubt Chinese leaders' insistence that they seek peaceful development within a harmonious world. They argue that China is driving towards regional hegemony at the cost of its neighbors and U.S. interests. Though its mandate is unclear, some hope the newly announced Chinese National Security Council will yield greater coordination among departments and offer a clearer picture of Chinese intentions.

These basic differences are not easily bridged and are key to the U.S.-China trust gap.

*c) Inadequate sincere communication and commitment to action*

Our two countries have established exchanges at various levels and in various issue areas, most notably the high-level U.S.-China Strategic and Economic Dialogue. However, some exchanges have taken on a ceremonial flavor where the two sides merely repeat well-established talking points and are not open to more frank or far-reaching discussions. Businessman and philanthropist Maurice R. Greenberg said, "I have taken part in a number of dialogues.... Every time the results are the same. Each side states its problems and concerns .... Although the proceedings are cordial, unfortunately nothing is resolved and the frictions that hamper development of a better relationship persist."<sup>37</sup>

Greenberg's complaint is widely shared. The problem is not that meetings are too infrequent, that the participants are not sufficiently earnest or powerful, or that the scope of the dialogues isn't broad enough. Rather, the problem is that the dialogues are too structured to forge significant breakthroughs and that too many hard won agreements are not fully implemented.

In addition, it is common for media figures and analysts in both places to offer harsh comments about the other country and its people. This is partly a consequence of greater openness and the fierce competition for viewers and readers. **Emphasis on "the latest threat" or "another affront" as opposed to the most recent and successful exchange or progress on solving a shared problem has a profound and negative impact on the climate in which people think about and discuss U.S.-China affairs.**

*d) Domestic politics over economic and trade friction weakens the basis of trust*



Our largely complementary economic ties have long served as "ballast" in U.S.-China relations. However, the desire to do still more business and increasing competition between American and Chinese firms now produces frictions. There are powerful forces within each society that pressure leaders and in some cases seek to mobilize the public to push for policies or actions. Often, these forces seek protections for markets or rights enjoyed by their members or to open markets for their products or investments or to extend protections where they do not currently exist. Frequently these forces push for unilateral action, such as the call by some for the U.S. government to designate China a currency manipulator and to impose sanctions. Chinese state-owned firms are among those who encourage their government to limit foreign firms' ability to enter some Chinese markets. At the same time, Chinese officials complain that U.S. export and investment controls limit the ability of their firms to import or invest in much sought after technologies. And American officials argue that China's weak intellectual property protection policies and practices mean that innovators and creators are cheated out of their just financial rewards.

Both sides suspect the other takes undue advantage of the international financial system. Some Chinese were critical, for example, of the U.S. Federal Reserve's quantitative easing. Some Americans are critical of China continuing to benefit from China's self-designated "developing nation status" within the WTO. In the former case, critics complained that this was currency manipulation and threatened to harm Chinese investments in U.S. debt and in the latter, critics complained that the status permitted China to limit foreigners' access to Chinese markets. America is said to have exploited the U.S. dollar's reserve currency status and China is said to evade responsibilities associated with having the world's second largest economy.

While the leaders of both nations recognize that both benefit from our strong and expanding economic ties, both acknowledge that our companies are often rivals and that economic issues generate political tensions.<sup>38</sup> Contributing to such tensions is insufficient communication and broader understanding within the two societies about the political and economic systems of the other. Cyberespionage aimed at gaining economic advantage is only the latest topic where the lack of U.S.-China trust limits the potential for cooperation on a pressing issue.

#### **4. The vital role of communication in trust-building**

In 2010 and 2012, the German Marshall Fund asked Americans if the U.S. and China shared enough common values and interests to cooperate in addressing international problems. Moving in tandem with increasingly unfavorable views of China, fewer Americans thought our values and interests were not well enough aligned for the U.S. and China to work together. In 2012, though, 46% still thought there was enough common ground upon which to act. And a rising share (40%) of those polled by the Chicago Council thought the U.S. needed to build a new partnership with China.<sup>46</sup>

**We believe that insufficient exchange and awareness of the range of exchanges and the issues they address is a key reason many Americans and Chinese see limited potential for cooperation. Clearly, greater and more effective communication is essential to fostering the development of trust.**

Trust has three dimensions: knowledge that the other side has good intentions, that they can deliver on their promises, and that their behavior is predictable. It is fundamental to the development of stability in the U.S.-China relationship, as it limits both sides' perception of risks associated with cooperation. It also inhibits behaviors that themselves are trust-destroying, such as a lack of communication, suspicion that the other side has unstated objectives, and misunderstanding.<sup>47</sup>

Communication is a critical ingredient in fostering trust between the U.S. and China. The amount and quality of information actors have about one another helps them overcome their worries about making a mistake in trusting another.<sup>48</sup> The very act of communicating deepens engagement. Communication is at the core to achieving trust because it addresses each dimension: authentic communication shows a party's good intentions, signals some competence, and helps one anticipate the other's behavior. Effective communication increases familiarity between the parties and enhances mutual understanding, which in turn encourages positive behavior to further common interests.

Many analysts focus on traditional diplomatic engagement in looking at the role of communication in international relations. This approach is preoccupied with how government leaders and top representatives engage in strategic dialogues, high-level visits, and other forms of private communication channels. While this is obviously a vital part of bilateral relations, it's worth remembering that American and Chinese leaders are influenced and constrained by other actors, in and out of government. They work to influence public attitudes, but also must be mindful of them. Thus, government-to-government, government-to-public, and public-to-public communications are all essential to reducing strategic distrust.

In this report, we examine communication between both governments and publics, which takes multiple forms: that of monologue, dialogue, and collaboration.<sup>49</sup> Some of the initiatives we recommend may achieve short-term results, but most require more extended efforts to yield results. The initiatives use the tools of news management, strategic communications, and relationship building to develop multiple channels for communicating effectively. Both governments and private sectors are already engaged in some of this. We advocate expansion of those efforts, strengthening them to increase their effectiveness, and launching new efforts drawing on the insights of this report and the best practices of successful exchanges.

Before we get to those recommendations, however, we review existing trust-building exchanges in six realms (diplomacy, education, culture, media, corporate and people to people) and identify underexploited opportunities to foster greater understanding and trust between the two countries.

## II. CURRENT STATE OF AFFAIRS IN TRUST-BUILDING

The overall amount, frequency, and intensity of U.S.-China exchanges, through governmental programs at many levels, markets, and individuals/civic groups, are greater now than ever before. Because they increase familiarity, enable empathy, and enhance understanding of policies and interests, these efforts build trust between the two countries and peoples.

**While vital, many of the high-profile exchanges at the ministerial level and above suffer from a degree of ritualization. More dynamic exchanges are happening at lower levels within the central governments and at sub-national levels. In addition, academic, scientific, medical, and cultural institutions, as well as business and other associations are frequently working cooperatively to take on serious problems as well as fostering greater contact and discussion. Some companies and individuals have underwritten and implanted innovative programs addressing local, national, or international concerns. Trade and travel are bringing more and more Americans and Chinese into direct contact, while expanding study abroad opportunities allow for longer, deeper, and more multifaceted exchange experiences.**

Though their ceremonial aspects are many, high-level central government exchanges have brought significant, if sometimes only incremental progress on tough issues. Often, though the progress seems to be only on paper. While forging deals is trust-enhancing, failure to fully implement agreements generates frustration and the suspicion that results makes working on other matters still more difficult. Both the U.S. and China governments complain that the other has failed to live up to the letter of some agreements, let alone the spirit of them. Nonetheless, the commitment to maintain such exchanges (including defense and human rights discussions) speaks to the centrality of U.S.-China ties for leaders in both countries.

Successful government discussions have been essential in opening the door to U.S.-China commercial and people to people exchanges. A relatively recent example was the 2007 agreement allowing for easier Chinese group travel to the U.S.<sup>50</sup> Tourism is expected to grow still more now that individual visas have been made easier to get and to renew.

Because of the Chinese government's opening to foreign investment and because of sophisticated marketing campaigns, American brands are well-known in China. Their American origins are important to the high status that some of these brands enjoy. At the same time, their American ties mean they are sometimes vulnerable when officials seek to make a point about advertising or product safety regulations or when nationalist sentiments are enflamed. Chinese brands and the essential role Chinese workers play in producing familiar brands are not yet similarly recognized, despite campaigns such as the "Made in China, Made with the world" ads broadcast over American television.

American media and American pop culture are well-represented in China. American lifestyle and consumer publications are widely available and eagerly consumed. American films, television shows, and music are far more widely distributed and consumed in China (often in pirated form) than their Chinese counterparts are in the U.S. The Chinese government is investing heavily to expand its television and radio footprint in the U.S. It has worked with partners to establish programs to promote Chinese language culture. The media efforts have not had much of an impact as of yet, but the Confucius Institutes and other language initiatives have helped to increase the place of Chinese language in American schools and provided a base for the dissemination of Chinese state-sanctioned cultural products. On occasion, these government-driven efforts have run into official and popular suspicion.

Unlike the usually formal central government exchanges, sub-national governmental exchanges and people to people ties are much more varied and less rigidly-structured. Some of the most enduring are narrowly-focused, but others may have started with a single event or task, but evolved into multi-faceted cooperative efforts driven by many different actors on both sides. Often, though, enthusiastic initiators fail to learn from the successes and problems of other programs such as neglecting to involve others in organizational and liaison work, so as to build a sustainable program.

Below we summarize exchanges in six realms: diplomatic, education, cultural, media, corporate, and people to people. In some realms (diplomatic, for example), governments are the key agents, whereas in others commercial firms or individuals/civic groups play the leading role. In some realms it is clear that one of the two nations (or its people) are doing more or having a greater impact than the other. For example, a far larger share of China's student population is studying English, learning about America in school, and going to the U.S. to study. And many American cultural products are far more widely distributed and consumed in China (often in pirated form) than their Chinese counterparts are in the U.S. Additional details on the range of activities within each realm can be found in the appendix.

## 1. Diplomacy

Engagement through diplomacy is characterized by frequent, broad-based communication between the governments, with channels and processes set up at multiple levels for diplomatic communication. This includes regular heads-of-state level communication, frequent cabinet-level communication through working groups and other forms of collaboration, and an increasingly well-established public diplomacy infrastructure on both sides. Yet at times these governmental meetings seem ceremonial at best, and fail to achieve their full potential for building mutual understanding and trust, especially at the level of public engagement.

**At the national level, there increasingly frequent communication between American and Chinese leaders. On the U.S. side, contact with top Chinese leaders is more frequent than with any non-ally or non-neighbor.** Since Barack Obama became president in 2009, he and Presidents Hu Jintao and Xi Jinping have met sixteen times, including state visits in 2009 and 2011 and the extended informal talks in June 2013. This

includes sideline discussions at multilateral gatherings. In addition, there have been vice presidential visits and ministerial trips. Lastly, there are a number of other open channels of communication between the leaders of the two nations, such as phone calls. In addition to the robust form and regularity of communication between the two nations' heads-of-state, the media attention that they attract ensures that the impact of their communication not only builds the diplomatic relationship, but also enhances the public image of collaboration between the two nations. However, the potential for this public communications angle is somewhat limited by the formalized nature of their relations.

There is frequent and growing cabinet-level communication between the two nations, both through regular visits and through an increasing number of working groups. The Strategic and Economic Dialogue and now the Strategic Security Dialogue are two examples of channels for communications that have opened up for the discussion of critical issues between the two nations. Lastly, visits by legislative and advisory leaders expand the number of national figures involved U.S.-China communication. Because many of these meetings do not receive the same attention accorded ministerial level exchanges, officials can interact more freely and allow a greater range of views and options to be explored. In some instances, though, differences in attitudes and approaches can lead to the domestic politicization of specific issues in the U.S.-China relationship.

Lastly, both nations have a well-established public diplomacy infrastructure designed to facilitate better relations between the two countries. The U.S. has a longstanding public diplomacy presence in China facilitated by the Office of the Undersecretary of Public Affairs and its China-based Embassy counterparts. On the Chinese side, there is a strong interest in and increasing investment in public diplomacy, with several offices taking up public diplomacy functions: the Office of Foreign Propaganda, the State Council Information Office, and the Public Diplomacy Office in the Ministry of Foreign Affairs. Still, China's public diplomacy infrastructure has a relatively short history and specialists are only now developing a nuanced understanding of how to reach Americans. Nonetheless, China's government is now investing much more than America's and may begin to reach larger audiences and to do so more effectively. Of course, public diplomacy in China is seen as having a domestic sphere in addition to an international one. As a result many of China's public diplomacy efforts target Chinese audiences as much as they do foreign ones.

Bolstering formal state to state talks and state to public efforts are "track II" discussions, frequently involving former officials and unofficial government advisors. An example of these is the track II economic dialogue organized by National Committee on U.S.-China Relations (NCUSCR) and the China Center for Economic Research (CCER) based at Peking University. NCUSCR and Shanghai Jiaotong University's International Energy Research Center recently launched a similar track II effort on energy. On security matters, talks over the past decade have involved mostly Washington, New York, Beijing, and Shanghai think tanks and academic institutions. Military participation in such talks has improved in the last two years. Funding for track II activities has become more limited, in part because many agencies prefer new initiatives rather than supporting ongoing efforts.

## **2. Education**

There has been a remarkable growth of interest in international educational exchange in both nations, and a likewise growing presence of students in each society. However, China has reached a much larger scale than the U.S. in terms of the number of people it sends abroad. Educational exchanges are primarily localized, market-driven, and concentrated at the college and university level, however there is a growing trend of pre-collegiate international educational exchange. Both countries provide substantial government funding through merit-based, highly selective scholarships to support a limited number of potential future leaders or area specialists. The key question in growing exchange efforts is how to structure them so as to have the greatest impact in both the short and long term through community engagement, by shaping future leaders and by creating networks for cross-national relationships.

Americans are increasingly interested in studying in China at both the collegiate and pre-collegiate levels. In 2011, there were at least 26,686 American students studying in China, compared to fewer than 3,000 in 1999-2000. However, just 15,647 of those students were earning academic credit. Only 2,184 were earning degrees in China.<sup>51</sup> The study abroad programs most Americans participate in are arranged by universities, rather than through national federal scholarship programs. They are short-term in nature, lasting a semester to a year, and are non-degree granting. Historically, study in China has focused on language learning, but programs are beginning to expand beyond that into other areas, with some including internship opportunities. Without greater Chinese language proficiency, however, the depth of experiences most Americans have in China will be limited.

Even with this recent increase, the number of Americans studying in China pales beside the more than 240,000 Chinese students studying in the U.S. These students tend to have a deeper experience than American students do, since most pursue degrees in a broad range of areas of study. There are also a substantial number of students coming to the United States at the pre-collegiate level for study abroad, however these efforts tend to be highly localized in nature. Students in these programs are mostly self-funded. However, the students sometimes miss out on becoming engaged in American communities. As with some Americans in China, these Chinese students stay as much as possible within the Chinese student community. The best programs in China and the U.S. work hard to afford students with early and constant opportunities to learn and work with local people and to explore communities beyond the school.

There are a variety of established government programs in both nations that seek to encourage broader educational exchange between the two countries. The U.S. government pays to send more students to study in China than to any other country. This happens through a number of longstanding scholarship programs, including the Fulbright fellowships, Foreign Language Area Studies fellowships, the Benjamin A. Gilman International Scholarship Program, and the National Security Education Program (Boren) fellowships, among others. Of these, the Fulbright is the most prestigious and sends a limited number of postgraduate researchers and faculty from American institutions to China as well as a group of Chinese researchers and graduate students to the U.S. Between



2007 and 2013, the program sent an average of twenty-four scholars to China and brought an average of forty-two scholars from China each year.<sup>52</sup>

Complementing these efforts are a wide range of scholarly and academic exchanges of experts, particularly in scientific research. These programs are sponsored by such institutions as the National Research Council and National Science Foundation on the American side, and the Chinese Academy of Sciences and China Science and Technology Exchange Center of the Ministry of Science and Technology on the Chinese side.

The most prominent program bringing American and Chinese students together is the Hopkins Center at Nanjing University. Established in 1986, it enrolls about 150 students and has more than 2,400 alumni. One new high profile exchange to begin in 2016 is the Stephen A. Schwarzman Scholars Program. A new residential college is being created at Tsinghua University where 200 new graduates from the U.S., China, and elsewhere will study together in English for a year. Several U.S. universities are building satellite campuses in China. New York University's, a partnership with East China Normal University, opened this fall with nearly 300 students, about half from China.

### 3. Culture

The U.S. and China face equal but opposing challenges in the cultural arena. The U.S. culture industry is extremely well-developed, well-funded, and popular abroad, however the dominating view provided by U.S. commercial media may give the Chinese public an incomplete picture of American culture and values. While the U.S. government seeks to balance these views by engaging in government-funded cultural diplomacy, a lack of funding prevents these efforts from reaching a broad scale. By contrast, China has spearheaded aggressive efforts in recent years, with strong government funding, to promote its culture in the U.S. It tends to focus these efforts on its ancient culture and heritage rather than contemporary China. Its commercial ventures have thus far found limited success in the marketplace.

The U.S. has well-developed commercial cultural industries with a strong commercial

<b>China's Top Ten Box Office Films, 2012</b>		
ticket sales, in US \$ millions (bold = US titles)		
1.	Lost in Thailand	\$162
2.	<b>Titanic 3D</b>	\$153
3.	Painted Skin: The Resurrection	\$115
4.	<b>Mission Impossible: Ghost Protocol</b>	\$111
5.	<b>Life of Pi</b>	\$93
6.	<b>The Avengers</b>	\$92
7.	Chinese Zodiac	\$86
8.	<b>Men in Black III</b>	\$82
9.	<b>Ice Age: Continental Drift</b>	\$73
10.	<b>Journey 2: The Mysterious</b>	\$63

distribution mechanism. It enjoys high brand recognition and popularity through the film, music and gaming powerhouses. China, however, limits the number of imported films which can be shown on a box office-sharing basis. Some companies have sought to get around this by working with Chinese partners to co-produce films. Disney, for example, partnered with China-based (but led by Americans) DMG Entertainment to produce 'Iron Man 3,' and James Cameron's firm has invested in CPG China Division, a venture designed to develop equipment for 3-D film

technologies in China. The popularity of American films can be seen in lists of box office

champions. In 2012, for the first time, foreign films outearned Chinese films. Because Chinese firms have greatly expanded the number of screens in China, the Chinese film market has become the world's second largest (after the North American market).

By contrast, U.S. cultural diplomacy programs receive limited government support. Out of the US\$500 million budget afforded to the U.S. State Department Bureau of Education and Cultural Affairs in the past year, only U.S.\$2 million went to programs in China. However, there has been broad engagement by a number of non-state led actors in the cultural field. Among them are a number of highly-regarded U.S. cultural institutions to make up for this deficit, bringing museum exhibits, ballet performances and other forms of U.S. culture to China. One of the best examples of this was the cultural mission recently led by the Asia Society, which brought a range of representatives of American culture – including actress Meryl Streep, cellist Yo Yo Ma, and chef Alice Waters – to China. The National Basketball Association is widely popular in China. Some American players in the Chinese Basketball Association have won significant followings.

China has ambitious plans to grow its cultural industries. The 12<sup>th</sup> Five-Year Plan emphasized investment in these areas so as to enhance China's influence abroad and to strengthen that economic sector. In 2010, China's cultural industries produced an estimated \$175 billion, just 2-3% of China's GDP. China's government aims to increase this share to 5% of GDP. One such industry, film, is booming with a dozen screens being added daily. Chinese films have attracted huge audiences in China. But Chinese films have not proved consistently or especially popular in the U.S. Almost \$100 million was spent producing Zhang Yimou's "The Flowers of War." A significant portion of that went to the star, Academy Award-winning actor Christian Bale, with the hope of winning the Best Foreign Language Film Oscar, something not yet achieved by a mainland filmmaker. The film, though, was panned by U.S. critics, and brought in only U.S. \$311,434 at the U.S. box office. The film was much more successful in China, nearly earning back its production cost in just three weeks. "Lost in Thailand," the 2012 Chinese box office champion, earning nearly \$200 million overall, took in just \$57,387 in the U.S. Of course, Chinese filmmakers are not alone in finding it difficult to crack America's film market. Relatively few foreign language films have ever made much money in the U.S.

<b>Top Foreign Language Box Office Films in the U.S.</b>		
ticket sales in US \$ millions (bold=China)		
1.	Crouching Tiger, Hidden Dragon (Taiwan)	\$128
2.	Life is Beautiful (Italy)	\$58
3.	<b>Hero</b> (China)	\$54
4.	Instructions Not Included (Mexico)	\$44
5.	Pan's Labyrinth (Mexico)	\$38
6.	Amelie (France)	\$33
7.	<b>Jet Li's Fearless</b> (China)	\$25
8.	Il Postino (Italy)	\$22
9.	Like Water for Chocolate (Mexico)	\$22
10.	La Cage aux Folles (France)	\$20

Chinese government-led cultural programs have achieved more success than its commercial ventures. The rapid expansion of the Confucius Institutes is unparalleled, with over 300 institutes now set up in over 90 countries, including 78 institutes attached to U.S. universities. Though the institutes have aroused some national and local debate, most have expanded Chinese language study programs and enriched Chinese cultural or



publications widely available in urban China, expanding their readers' world. U.S. government-supported Chinese-language broadcasts of the Voice of America and Radio Free Asia are routinely jammed. The VOA's English language broadcasts, though, and especially English teaching programs are permitted and are popular. A notable example of this is the "OMG! Meiyu" video blog hosted by Jessica Beinecke. It teaches a few English words a day, including everyday slang words students may not otherwise learn.

China faces different challenges in its media efforts. It has engaged in an aggressive campaign to expand its international media presence, with substantial government funding to set up new bureaus for CCTV, Xinhua, China Daily and China Radio International. CCTV in particular has a large Washington base for its CCTV America operations. It is employing both young and established American journalists there and around the country. Despite these efforts, no Chinese broadcaster has attracted a substantial audience in the U.S. Extensive advertising (e.g., weekly supplements in the *Washington Post* and other papers)

<b>Social Media Engagement by Select Government Offices/Media Organizations</b>		
As of August 2013		
	<b>Network</b>	<b>Number of Followers/Likes</b>
<b>United States</b>		
Beijing Embassy	Twitter	88,412
	Weibo (Sina)	716,450
<i>Bloomberg Businessweek</i>	Weibo(Sina)	294,459
	Weibo(Tencent)	92,196
<i>Forbes</i> (Chinese)	Weibo	421,767
<i>Wall Street Journal</i> (Chinese)	Weibo(Sina)	1,814,012
	Weibo(Tencent)	1,685,406
<b>China</b>		
Public Diplomacy Office, Ministry of Foreign Affairs	Twitter	1,662
	Weibo (Sina)	4,837,055
China Central TV (English)	Facebook	225,411
	Twitter	239,204
CCTV America (English)	Facebook	43,556
	Twitter	2,497
<i>China Daily</i> USA	Facebook	296,000
	Twitter	820

and free and inexpensive subscriptions have enabled *China Daily*, which launched its U.S. edition in 2009 to become more widely known than the more recently established broadcasters. All news organizations are confronting challenges in the U.S. market, but Chinese organizations are entering a crowded market without strong brands. Their substantial financial resources are a great asset, but building credibility will require time and insightful coverage of potentially sensitive issues within China. China's Chinese language media efforts within the U.S. have attracted large numbers of immigrant and student viewers, on internet, cable, satellite, and over-the-air platforms.

Social media is a promising area for engagement. This is especially important as the

heaviest users of such platforms are young people, the group of Americans and Chinese who have the most positive views of the other country. U.S. commercial media companies

and the U.S. Beijing embassy have built relatively large followings in China, utilizing Chinese language blogs, weibo and cell phone applications. This has not always been a smooth process. The U.S. Shanghai consulate's weibo account was shut down and the Chinese government has protested dissemination of air quality information from sensors at the U.S. embassy. China's government social media efforts have been more directed at domestic audiences and Chinese abroad, but Chinese state media has embraced Twitter and Facebook, both blocked in China. Both CCTV and *China Daily* have accumulated many followers (though the number within the U.S. is uncertain).

## 5. Corporate

Since many see economic ties as undergirding today's U.S.-China relations, business actors are very much in the spotlight. The challenges faced differ between American and Chinese companies – American companies are well-liked and have a strong presence, but sometimes lack the political weight necessary to overcome market access and intellectual property protection problems. Many large American companies enjoy high visibility in China. Often they've advertised heavily to achieve this. Sometimes, however, they are targets for anti-American sentiment. Chinese companies in the U.S., on the other hand, enjoy little name recognition and must sometimes overcome the distrust of American officials, partners, and consumers. Partly this is because Chinese companies are still developing brand-building expertise and often do not appreciate the need to reach out to host communities. Both sides need a richer understanding of the other's political, economic, and social environment and to marshal the tools necessary to strengthen their position within it.

China is a major, but declining destination for U.S. investment. American investors are involved in tens of thousands of companies in China. Some 240 U.S. multi-national corporations operate in China. U.S. companies have a favorable brand presence in the market – brands are well-liked both for their products, as well as the reputation of the corporations as employers. Active corporate social responsibility programs and community relations programs play an important role in maintaining this favorable image for U.S. companies in China. U.S. businesses also benefit from representation through associations such as the American Chamber of Commerce in China and the U.S.-China Business Council. These entities help businesspeople understand the business environment and also give voice to business concerns, such as regulatory clarity, market access, and intellectual property protection.

Chinese companies are increasing their investment in the U.S. The value of China's direct investment assets has risen dramatically and now totals \$28 billion. Some deals have been large multibillion dollar investments in energy or finance, but many more have been investments in manufacturing, real estate, and other businesses.<sup>54</sup> About 6,000 people in the U.S. were employed in majority Chinese-owned firms in 2012, more than three times the number in 2005. Despite this growing presence, China lacks established brands – Americans are more accustomed to the "Made in China" label than they are to Chinese branded products. Because of widely-publicized product quality/safety issues in the recent



past, some Chinese businesses must overcome American worries. Some of these challenges can be mitigated aside through brand-building. More effective corporate social responsibility and community relations programs are essential. Japanese and Korean firms have done this. Many Chinese firms do not yet appreciate the need for this and few have developed expertise doing this in the U.S.

## 6. People to People

Trust building at the people-to-people level is overwhelmingly local and tied to specific individuals or organizations. While active, U.S. NGOs encounter operational constraints in China. Chinese Government-Organized NGOs (GONGOs) are fewer in number, but are becoming increasingly active in fostering U.S.-China engagement. There are growing numbers of people traveling to the other country, sometimes in association or occupational group organized visits. The 2012 Committee of 100 report shows that visiting leads 41-43% of the general public to have more favorable view of the other country, while 15-28% came away with a less favorable view than before. Less reassuring was the finding that while two-thirds American opinion, business, and political leaders had more favorable views of China after visiting, but almost half of Chinese opinion and business leaders said visiting the U.S. caused them to have a less favorable view.<sup>55</sup> **In general, though, direct experience in the other's country yields more positive views toward it. Efforts to better prepare tourists and more fully engage them should help them have more satisfactory visits and a better understanding of the other country and its people.**

Today, only a minority of American visitors go to China as part of an organization. That is becoming true of Chinese visitors as well. Still, organizations can have an outsized impact through the design of visits and through efforts to share their experiences upon their return to their home country. Such travelers often become the backbone of ongoing education work, exchanges, and collaborations.

The U.S. has many civic organizations promoting understanding of and better relations with China. Among them are the National Committee on U.S.-China Relations, the People to People Ambassador program, the U.S.-China Friendship Association, Committee for Scholarly Communication with China, the Asia Society, the Committee of 100, the Organization of Chinese Americans, numerous world affairs groups, think tanks, and organizations of families with children adopted from China. In addition, there are 219 formal sister city and province exchanges between the U.S. and China. On the Chinese side, there are various government-sponsored organizations that work in this realm, including the Chinese People's Friendship Association and the China International Cultural Exchange Center. These organizations can help in improving the nature and quality of people-to-people engagement between the two nations.

Many other civic organizations have sought to forge links, some with greater success than others. U.S. organizations including the Red Cross, Habitat for Humanity and Greenpeace have established partnerships in China. Thus far, most Chinese GONGOs have been focused on domestic concerns.



Expatriates from both sides are growing in number. American citizens form the second largest group of foreign nationals in China. Many Chinese nationals, including many of those with U.S. immigrant status maintain strong if varied ties to China. Because of their experience living and working in the other country, they often have a richer understanding of it and because of their frequent and direct interactions with many people in both countries, these people can have a disproportionate impact on what Americans and Chinese think of each other. While most expatriates are busy with their own pursuits, many also participate in a range of groups and some promote educational activities or exchanges of some sort.

### *Summary*

Engagement between the United States and China is robust, active and growing. However, it is clear that gaps still remain both in the reach and impact across each of the six realms outlined above. Direct engagement programs and activities, while plentiful and often effective in fostering real exchange and deepening understanding, are for the most part not sustained beyond a few years, not linked to other – even related – efforts, and are not widely publicized. Too often the impact is limited to those immediate participants.

Corporate support for trust building is not commensurate with the growing presence and influence of products, brands and companies in each country. Government credibility is a constant challenge in communicating with publics both at home and abroad. Both governments are doing more to reach people in the other country, but people, especially young people, using social media aren't satisfied with communication that is merely top down. New technological platforms and reaching new segments of society requires adaptation and innovation. Old approaches are not doing enough to build trust.

**In the next section, informed by survey trends and by study of existing practices, we advocate improving programs by involving business and young people more fully and which take advantage of the communication revolution. We further recommend creating new programs which built to educate and engage diverse populations utilizing cost-saving and experience-enhancing technologies. Better and new exchanges, though, are not enough. Information about such programs needs to reach more people through traditional and new media. Responsibility for this lies with those driving the exchanges, with media gatekeepers, and with governments which can do much more to sponsor and highlight effective programs.**

### III. RECOMMENDATIONS

We have seen that

- there is great agreement among Americans and Chinese on the importance of the U.S.-China relationship and on the desirability of improving the relationship
- there is immense and growing interaction between the U.S. and China
- Americans and Chinese increasingly view each other in negative terms and are less trusting of the other's country

**While existing strategies for engagement and exchange programs have grown and have helped the two nations advance the relationship dramatically over recent decades, they are clearly not doing enough to overcome communication obstacles in order to produce greater understanding and less trust.**

**This is unsatisfactory. The need for U.S.-China cooperation has never been greater.**

Without greater trust, necessary commitment and action to resolve or at least mitigate our shared challenges are unlikely. To strengthen U.S.-China understanding and build trust, our Bi-National Commission believes immediate and sustained action is necessary.

Implementing all of our recommendations will not solve the problems that exist between the two countries. Some of those issues are thorny ones indeed, involving powerful interests within the two countries and having implications for third parties. But implementing these recommendations can change the context in which these problems are worked on. By creating a climate of greater U.S.-China trust, we expect to enhance the capacity of people in the two countries to think more creatively in working together to find solutions.

#### *Guiding principles*

Drawing on our extensive and diverse experience working in U.S.-China affairs and on lessons drawn from surveys, the experiences of others, and other research, we have determined the following principles guide effective exchange programs and should form the core of newly created efforts. We must

- a) *Work harder to involve young people and to equip young people to make the most of such opportunities*

Governments, organizations, and parents already recognize this need. This is evident in the Obama Administration's 100,000 Strong Initiative. Even if the target can be reached, however, most of the 100,000 Americans who study in China will have been primarily engaged in language study. This is in sharp contrast to the more than 240,000 Chinese students already in the U.S. who are generally using English to pursue degrees in other fields. While getting students to China is critical first step

for both countries, the U.S. needs to expand and improve Chinese language teaching so that large numbers of students can utilize Chinese to learn about other topics. Strengthening the ability of teachers in the U.S. and China to introduce the other country and U.S.-China relations to students pays long term dividends. Sending secondary students to China for short visits is a proven technique for building enthusiasm for language study back at home.

- b) Create exchanges with specific tasks to perform and where cooperation is essential for success*

Students, for example, might produce a short documentary film, or work together on a business plan, an exhibit or performance, or a strategy to improve the local environment or care for a vulnerable population. Sub-national governments might work together to organize a cultural festival or a joint training program on e-government, sensitivity to migrant concerns, or protecting public health.

- c) Encourage broader-based sharing of experiences and views so as to facilitate forming a fuller understanding of one's partner*

In both the U.S. and China, many expatriates spend far more time with their fellow Americans and Chinese. While generally an essential comfort, social media can exacerbate this tendency towards isolation. Schools, especially, need to create programs that ensure students take fuller advantage of the opportunity afforded by overseas study to explore more of the communities in which they reside. There are many effective approaches (e.g., turning the students into ambassadors and having them visit community groups or schools, nurturing multiethnic study groups, clubs and activities, and organizing field trips to learn about local government, social organizations, and businesses).

Older expatriates and their businesses or organizations could do some of these same things as a means of widening networks, better understanding the values and norms of neighbors, and others, and sharing one's own culture with others. Again, excellent examples of this exist, often as a core component of a company's social responsibility strategy.

- d) Utilize newer technologies to make more exchanges possible, to extend the impact of exchanges, and to stimulate creation of new exchanges*

Many schools, businesses, and organizations are already doing this, but more could do this and those who do use these technologies could do so more effectively. Video conferencing and using other tools to collaborate on projects are obvious places to begin. One obvious advantage of such tools is they permit capturing the exchange or its products for easier sharing with others, thus informing and perhaps inspiring others (another key aim, see below).

Video games could include interesting information about U.S.-China relations, but the most effective use of games would be in training programs for diplomats or others. Some games, like literature, in exploring other worlds, encourage people to be more conscious of their values, expectations, and worries and to be aware that those of others may not be the same. Unlike a novel, however, games can permit one to actively cooperate with or struggle against others. Participants could be side by side or separated by an ocean. They could review the experience and subsequently discuss motivations, strategies, behaviors, and signals.

Young people, the next generation of decision-makers, have already embraced these next generation platforms. They could be more systematically deployed and they can also be used in the near term with current policy-makers.

*e) Create more exchange programs that explicitly focus on the difficult issues in the U.S.-China relationship*

Existing track II discussions, involving informed and influential former officials and unofficial advisors, often do just this, wrestling with tough problems in a more open manner. There is greater flexibility in exploring options than is often available to currently-serving officials. An example of what may be possible comes from the Taiwan strait, where exchanges between retired military personnel promote understanding and stability in an environment where direct military talks have not been possible. The National Committee of U.S.-China Relations (NCUSCR) and the China Institutes of Contemporary International Relations have been leaders in track II discussions.

But it is important to go beyond the elite track II efforts to involve greater numbers and a greater range of people in looking at these problems. Several organizations have done some of this. NCUSCR, for example, has an annual program which offers Chinese students currently studying across the U.S. the opportunity to participate in several days of meetings in Washington with U.S.-China policy specialists. The students talk with legislators, agency specialists, and non-governmental organizations, as well as meet with top Chinese embassy officials. They learn about the range of issues and at least some of the positions on them. A similar program exists for young American professionals.

Another model to highlight is a student-created enterprise. Students at Brown University started Strait Talk in 2005. It now has a second base in the San Francisco Bay Area. Each year, the student organizing committees plan a week-long symposium and select fifteen student delegates from Taiwan, China, and the U.S. to participate. The students engage in conflict resolution training, hear from regional specialists, and develop a consensus report on dispute resolution and cooperation. The report is submitted to leaders from the three regions.

Business associations and other groups also engage in such discussions, sometimes with regulators or with their counterparts. More such exchanges should be established.

- f) Build and then draw on a comprehensive bilingual online catalog of U.S.-China exchange programs and entities should be created to facilitate networking, leveraging of resources, and dissemination of best practices*

In addition to basic histories and descriptions of the programs and contact information, the site would include forums to raise and discuss questions, share program products, and alert those interested in U.S.-China exchanges to grant and workshop opportunities. Our commission has taken on the challenge of creating this essential resource.

- g) Encourage corporations, business associations, and wealthy individuals to support such exchanges, conferences on reaching new audiences and employing new technologies, and resources such as the network site mentioned above*

While governments in both countries and at all levels should evaluate existing programs for their reach and impact and allocate additional resources to trust-building U.S.-China exchanges, the importance of the work and the pressing need to do more of it and to do it better requires greater participation from business.

Some corporations, associations, and individuals are already supporting such work. The U.S.-China Business Council, for example, funds legal exchanges. The C.H. Tung-led China-United States Exchange Foundation has promoted better relations through research and discussion of the evolving U.S.-China economic relationship. The Committee of 100 has underwritten vital surveys and sponsored exchanges.<sup>56</sup> Of course, corporations and individuals support U.S.-China research and exchange programs at universities, and think tanks. This is much more common in the U.S., however, than in China. Chinese companies electing to support such programs will benefit from the positive publicity that comes from being a pioneer in an area that enjoys official broad popular support.

#### *Recommendations: Focusing on the Next Generation*

The principles above undergird our recommendations below. To build trust so as to be able to advance U.S.-China ties, we advocate the following “next generation” approach.

***Next Generation People:*** *increase the involvement of young people, rising elites, and the business community in US-China relations*

- *Develop fellowships for future leaders in each country to spend time in the other nation.* It is essential for both nations to make an investment in the future stability of the US-China relationship now, as each country’s future leaders are in their formative years. As polling data shows, young people in each country are more

likely to hold positive views about their counterpart, however this has a tendency to change as they become older and their opinions become more entrenched. Ensuring that future leaders on each side have an understanding of how to work with one another will help to promote constructive relationship-building in the future, regardless what conflicts may arise. NYU and other schools are launching China campuses. The Schwarzman Scholars Program at Tsinghua, bringing together top graduates, will be an important step in this direction.

- *Bring together young entrepreneurs from China and the U.S. to discuss joint philanthropy in each country.* There is a demonstrated interest among young business leaders in each country in contributing positively to their communities and in fostering greater U.S.-China understanding. Facilitating brainstorming among these entrepreneurs could lead to effective new collaborations and better leveraging of efforts. As these individuals are often influential, especially among the young, such cooperation could inspire many.
- *Encourage businesses to engage in corporate social responsibility activities that build trust between the U.S. and China.* The business community has perhaps the greatest interest of all in building U.S.-China relations. Yet they have been one of the least involved parties in trust-building activities. Making trust building a part of their corporate social responsibility activities not only helps to improve the communities they are a part of, but makes smart business sense as it facilitates positive environments for corporate activities.
- *Increase teacher exchanges between each country to maximize the downstream impact of the exchange.* Educational exchanges have been shown to be one of the most effective forms of people-to-people engagement, as they provide long-term cultural understanding. Focusing on teachers will enable these exchanges to make a greater impact, as the exchange will benefit not only the participant but their students as well.
- *Strive for greater diversity in the people recruited for exchanges and in sharing news about the exchanges.* This builds on the idea of involving more young people and businesspeople in exchanges, but is more than that. Existing exchanges too often are geographically limited. This can have advantages, for sister cities for example, where multithreaded ties can involve a larger portion of the area's population and success in tackling relatively easy issues can give participants the confidence and drive to take on bigger ones. But too often in the U.S.-China relationship, this means the same people or the same sorts of people talk to each other. Building a broad-base of understanding and trust requires reaching beyond the usual participants in U.S.-China discussions.

***Next Generation Platforms:*** capitalizing on social and digital media to forge networks of engagement between the U.S. and China



- *Use new media tools to develop spaces for balanced discussion of U.S.-China relations.* Americans and Chinese are leading users of digital media tools. This makes digital media a prime space for trust-building activities. Yet too often social media have served as a platform for divisiveness, and language differences present a significant barrier to relationship-building activities. Investment in the development of spaces dedicated to presenting balanced views will help these tools reach their greatest potential for community-building. This is an obvious place to engage corporations in both countries in providing financial and technical support.
- *Create a comprehensive, bilingual online catalog of U.S.-China exchange programs and entities to facilitate networking, leveraging of resources, and dissemination of best practices.* There is already a significant investment in U.S.-China exchanges, yet these programs tend to be isolated and limited in scope. As noted above, our commission is developing a database of exchanges to encourage greater involvement in existing programs, to enable the participants to connect to other like-minded individuals, and to enable wider understanding of what is being done and what has proven effective.
- *Utilize new technologies to develop virtual exchange programs and to extend the length of in-person exchange programs.* Skype, WeChat and other platforms allow for video conferencing, shattering the usual barriers of the time and cost required for transpacific travel. Developing programs utilizing these platforms will facilitate low-cost, low-resource exchanges that can reach much wider audiences than would otherwise be possible. It also enables exchanges to take place more frequently, over a longer period of time, with closer connections to home communities.

***Next Generation Programs: leverage non-traditional forms of engagement and develop high-profile cooperative activities***

- *Hold high-profile public co-operations between the US and China that garner media attention, such as joint space efforts, or engaging in joint naval and coast guard activities such as emergency response.* In recent months, the countries' navies have held joint rescue exercises. Further and more publicized demonstrations of our intent to work together will boost public confidence in the benefits of the U.S.-China relationship.
- *Involve third party actors and key stakeholders in discussions on U.S.-China relations.* Much of the study of U.S.-China relations has come from their perspectives. Including third party perspectives (e.g., Europeans and Asians) in the discussion will help to improve objectivity among both sides.
- *Enhance military-military exchanges.* The military arena is perhaps the one arena where U.S.-China trust is most lacking. It is essential that more and more effective lines of communication be opened between Chinese and American forces. Exchanges between will improve their ability to communicate effectively, especially

in a crisis, and could bolster overall U.S.-China ties.

**This “next generation” approach takes trust-building beyond Washington and Beijing.** beyond the two national governments. It will allow more diverse groups a better understanding of each other’s societies, economies, and politics. The empathy that grows from communication and understanding is essential for trust. Such understanding can permit people to develop solutions that both sides will find reasonable. And empathy can nourish the patience required to forge and implement commitments.

Key to our “next generation” approach is recognition that both governments need to do much more to explain their aims and their policies to their own people and to people on the other side. And these governments must be prepared to listen to their peoples. **A broad foundation of trust can only be built on strong and multidimensional communication utilizing traditional and new media.**

Our commission is building on the example of focused, candid and productive exchange set by Presidents Obama and Xi at the Annenberg Sunnylands estate. **In 2014, we will bring influential business, foundation, education, media, and community leaders together for Annenberg Sunnylands II. The group will draw on this report and plan programs that to engage Americans and Chinese in trust-building collaborations.**

This report builds on the work of many researchers and organizations involved in efforts to improve U.S.-China relations. We are grateful to all of them and to the many institutions and individuals who have supported us and shared their experiences and ideas with us. They may not, however, endorse each of our findings and recommendations, but we welcome their continued feedback and yours.

Time is of the essence. Our current approaches are not working. Trust, essential to moving forward on pressing issues, is declining. Frictions can fester and yield wider and more harmful conflict.

**Such conflict is not inevitable. Not long ago no one could reasonably imagine that the U.S. and China would be as intertwined as we now are. We are confident that involving more people in substantive exchanges and publicizing both the process and the outcomes of such collaborations will greatly enhance understanding and increase trust. This will not happen immediately, but the long term dividends of such work are clear. We need to make the good work already underway more widely known and we need to embrace new technologies in reaching out to young people and others. We need to start today.**

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