

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL ON EAST ASIA BILATERAL RELATIONS

US-CHINA RELATIONS

CHINA PREPARES FOR ROCKY RELATIONS IN 2017

BONNIE GLASER, CSIS/PACIFIC FORUM
ALEXANDRA VIERS, CSIS

Summits between Barack Obama and Xi Jinping in September and November helped to keep tensions in check in the last four months of 2016. Despite persisting differences over how much pressure to impose on North Korea after Pyongyang conducted its fifth nuclear test, the US and China agreed on a new UN Security Council sanctions resolution. The US Navy conducted another freedom of navigation operation (FONOP) near the Paracel Islands in the South China Sea. A Chinese Navy vessel snatched a US drone, claiming it was threatening the safety of the Chinese ship and its crew, and returned it to the US five days later. Incremental progress was made on trade disputes at the 27th annual US-China Joint Commission on Commerce and Trade (JCCT) in Washington, DC. Meanwhile, the election of Donald Trump as the next US president threatened to inject significant uncertainty into US-China relations as Trump received a phone call from Taiwan's President Tsai Ing-wen and suggested that he might use Taiwan as a bargaining chip to extract concessions from China on other issues.

This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asia Bilateral Relations](#), Vol. 18, No. 3, Jan. 2017. Preferred citation: Bonnie Glaser and Alexandra Viers, "US-China Relations: China Prepares for Rocky Relations in 2017," *Comparative Connections*, Vol. 18, No. 3, pp. 17-25.

Barack Obama and Xi Jinping meet twice

Presidents Barack Obama and Xi Jinping met twice between September and December 2016, the eighth and ninth meetings between the two leaders over the past three and a half years. The September meeting took place on the eve of the Group of 20 Summit in Hangzhou. Although the talks were productive and the G20 Summit went smoothly, Obama's visit was marred by the image of the US president disembarking from the belly of Air Force One on foldout stairs rather than the rolling air stairs with a red carpet that is used for most of the US president's foreign trips. President Obama [dismissed](#) the media narrative that he had been snubbed by the Chinese, suggesting instead that the incident was a result of excessive US security requirements. The episode wasn't mentioned by either leader when they met later at the West Lake State House.

According to the Chinese media, Xi Jinping told Obama that the US and China have far more common interests than differences and expressed his hope that bilateral relations would remain on the right track. China's Foreign Ministry [described](#) the talks as "candid, in-depth, and friendly" and said that the two presidents had reached a series of "important consensuses." In remarks to the press prior to the meeting, President Obama [said](#) he welcomed China's contribution to global development, peacekeeping and refugee assistance, while also noting ongoing differences on human rights, cyber, and maritime matters. Just before the two presidents began their talks, they attended an event where both deposited ratifications of the Paris Climate Change Agreement.

The Chinese side issued a [list](#) of 35 "outcomes" of the meeting between the two presidents. At the top of the list was the statement that the two sides "commended the important progress made in the building of a new model of major country relationship between China and the United States" since the two leaders met in Sunnylands in June 2013. The US side released a somewhat shorter "fact sheet" that [detailed](#) progress the US and China have made in addressing global and regional challenges and in strengthening bilateral ties.

Xi and Obama held their final meeting as presidents on the margins of the APEC Economic Leaders Meeting in Lima, Peru in mid-November. In joint remarks to the press before the closed-door meeting, Obama [described](#) US-China ties as "the most consequential in the world" and emphasized that he and Xi had worked together to make their relations "durable and productive."

President Xi told the press that the meeting was taking place at a "hinge moment" and indicated his hope for a smooth transition and continued cooperation. According to a statement [issued](#) by the Chinese Foreign Ministry, both leaders "reviewed and summarized" the development of US-China relations over the past three-and-a-half years and agreed to ensure that "healthy and stable" bilateral relations are passed on to the next US president. The MFA cited Obama as saying that he and Xi "established a candid, friendly, and constructive relationship and enhanced mutual trust." The White House [readout](#) of the meeting highlighted the two leaders' concerns about North Korea's accelerated development of nuclear weapons and ballistic missiles, and noted Obama's encouragement of Chinese economic reforms and the need for a level economic playing field.

In between the two presidential meetings, Obama met Premier Li Keqiang in New York on the sidelines of the 71st UN General Assembly in September. *Xinhua* reports indicated that Li characterized economic and trade cooperation as the "ballast stone" and "propeller" of bilateral relations and urged completion of the bilateral investment treaty as soon as possible. Other topics discussed included North Korea, China's currency exchange rate, sustainable development, refugees, peacekeeping and other global issues, in addition to Taiwan and Tibet.

North Korea's fifth nuclear explosion tests US-China ties

On Sept. 9, the day after President Obama returned to the US from his visit to China and Laos, North Korea conducted its fifth nuclear test. China [expressed](#) its "strong opposition" to the test and reiterated its support for denuclearization of the Korean Peninsula. Obama [condemned](#) the test "in the strongest possible terms as a grave threat to regional security and to international peace and stability." He did not mention China in his statement, but it wasn't long before other senior US officials called on Beijing to address the growing threat. Speaking at a press conference, Secretary of Defense Ash Carter [said](#) that "China has and shares an important responsibility" for the test and "has an important responsibility to reverse it." He called on Beijing to apply more pressure to compel Pyongyang to end its destabilizing behavior.

Just over two weeks later, the US Department of Justice [named](#) the Dandong Hongxiang Industrial Development Co. and four Chinese company officials in an indictment charging them with conspiring to evade sanctions on

North Korea, violating US regulations against support for designated weapons of mass destruction proliferators, and money laundering. Twenty-five bank accounts controlled by Dandong Hongxiang were seized and the Chinese company along with the four Chinese officials were added to the US Treasury sanctions blacklist. The action marked the first time that the Obama administration imposed secondary sanctions on a Chinese firm for its dealings with North Korea that aid its development of nuclear weapons and delivery capabilities. According to the *New York Times*, before the US took action, it [sent](#) law enforcement officials to Beijing twice to warn the Chinese of the illegal activities of the Dandong-based company. Signaling a willingness to sanction other Chinese companies, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel [told](#) a press conference in mid-October that Washington reserves the right to punish Chinese companies that violate US sanctions on North Korea if Chinese authorities do not take action.

Throughout October and November, US and Chinese officials engaged in talks to draft a new United Nations Security Council resolution that would further tighten sanctions on North Korea. The United States reportedly sought to eliminate the “livelihood purposes” loophole from UNSCR 2270 that China interpreted as a green light to continue imports of large quantities of North Korean minerals, especially coal. Chinese UN Ambassador Liu Jieyi [told Reuters](#) that China “cannot really affect the well-being and the humanitarian needs of the people and also we need to urge various parties to reduce tensions.”

North Korea was high on the agenda when US Deputy Secretary of State Antony Blinken met Chinese Foreign Minister Wang Yi in Beijing at the end of October. Around the same time, Joseph Yun, special representative for North Korea policy and head of the US delegation for Six-Party Talks, held talks with Special Representative of the Chinese Government for Korean Peninsula Affairs Wu Dawei. On Nov. 1, US National Security Adviser Susan Rice and Secretary of State John Kerry met Chinese State Councilor Yang Jiechi in New York. Although their talks were wide ranging, a significant amount of time was spent discussing how to narrow differences on a new sanctions package.

The US and China finally came to agreement in late November and the UN Security Council unanimously [adopted](#) UNSCR 2321 on the final day of that month, 82 days after North Korea’s nuclear test, the longest period of time it has taken to pass a new resolution since Pyongyang’s first nuclear test in 2006. The new

resolution did not eliminate the “livelihood loophole,” but instead imposed a binding cap that cuts North Korea’s coal exports by about 60 percent. It also banned the export of non-ferrous metals such as copper, nickel, and silver. Taken together, those restrictions aim to deny Pyongyang at least \$800 million in revenue annually. The resolution also restricts the ability of North Korean workers to be employed abroad and bars the import of new luxury items.

In a [statement](#) after voting on the draft resolution, Ambassador to the UN Liu Jieyi urged all parties concerned to “fully and earnestly” implement all UNSC resolutions regarding North Korea. He noted that the “relevant measures are not intended to have adverse humanitarian and livelihood consequences for the civilian population of the DPRK or to affect negatively normal economic and trade activities.” Liu also criticized the US, although not by name, saying that “certain parties have continued to strengthen their military deployments, increase their military presence, and scale up military exercises.” In addition, he noted China’s opposition to the deployment of the Terminal High Altitude Area Defense (THAAD) anti-ballistic missile system on the Korean Peninsula. Liu called for all parties to “keep their eyes on the overall picture, meet each other halfway, and refrain from any rhetoric or action that might aggravate tensions.” The top priority, he asserted, is for the parties concerned to resume dialogue and negotiations aimed at achieving denuclearization as well as peace and stability on the Peninsula.

China’s first overt action to comply with the new resolution was announced on Dec. 10, when China declared that it would suspend coal imports from North Korea for three weeks. It is doubtful, however, that the temporary suspension will have much impact. In advance of the imposition of the new sanctions, China imported 1.8 million tons of coal worth \$101 million from North Korea in October alone, a nearly 40 percent increase in volume year-on-year.

FONOP and a drone snatch in the South China Sea

Relative quiet ensued in the South China Sea in the wake of the UNCLOS tribunal’s ruling in mid-July in favor of the Philippines in its case against China. That quiet was interrupted on Oct. 21 by a US freedom of navigation operation (FONOP) challenging China’s claim to sovereignty over waters encompassed by the entire group of Paracel Islands. In 1996, contrary to UNCLOS, China established 28 basepoints from land features in the Paracels and connected those using

straight baselines. The USS *Decatur*, an *Arleigh Burke*-class guided-missile destroyer, crossed these illegal baselines and conducted maneuvering drills demonstrating high seas freedoms. Following the FONOP, a Department of Defense spokesman [said](#) that the *Decatur* conducted the transit “in a routine, lawful manner.” The operation was the fourth US FONOP in the South China Sea since last year. A total of 164 days had elapsed since the last US FONOP in the South China Sea in May, much longer than the 95 days and the 105 days between the prior FONOPs (Oct. 27, 2015 to Jan. 30, 2016, and Jan. 30, 2016 to May 10, 2016). China’s Defense Ministry spokesperson [condemned](#) the move as “illegal and provocative,” saying that two Chinese Navy warships had warned the US warship to leave the area. The spokesperson maintained that the US action “proved that the US side is the troublemaker in the stability of the South China Sea” and said that Beijing would work together with other nations to defend peace and stability in the area.

In a show of force, China flew an *H-6K* bomber along the disputed nine-dash line in the South China Sea on Dec. 8, passing over a number of disputed islands. The last time that China flew bombers around the nine-dash line was 2015. It was unclear whether this flight was a reaction to US FONOPs, was intended to signal Chinese sovereignty and jurisdictional claims within the nine-dash line, or was a warning to President-elect Trump to not cross Chinese redlines.

China’s ongoing militarization of the seven features it occupies in the Spratly Island chain was [publicized](#) by the Center for Strategic and International Studies’ Asia Maritime Transparency Initiative (AMTI) in mid-December. According to AMTI, satellite imagery shows the Chinese have built significant point-defense capabilities, including large anti-aircraft guns and probably close-in weapons systems (CIWS) at each of its outposts in the Spratlys. China’s Foreign Ministry spokesperson [insisted](#) that the deployment of weapons had “nothing to do with militarization,” saying the construction of the facilities was both “necessary” and “normal.” China’s Defense Ministry also portrayed the deployment as defensive, but at the same time suggested it was in response to a perceived threat. [Writing](#) on its verified social media account, the Defense Ministry said, “If someone were flexing his muscles outside your door, wouldn’t you get a slingshot ready?”

Just days later on Dec. 15, a Chinese search and rescue vessel snatched a US drone, which was in the process of being recovered by a US Navy oceanographic vessel, the *USNS Bowditch*. According to the Pentagon, the drone

had been carrying out scientific research. The incident took place approximately 50 nm northwest of Subic Bay in the exclusive economic zone (EEZ) of the Philippines. Although the Chinese vessel replied when the *Bowditch* contacted it through bridge-to-bridge communications, it ignored the US demands to return the drone and said that it was “returning to normal operations.” The Pentagon formally [protested](#) the seizure of the drone, which it termed stolen US military property.

The incident was leaked less than a day after it happened and within the next 24 hours the Chinese Defense Ministry issued a [statement](#) claiming that a PLA Navy ship found an “unidentified device in relevant waters in the South China Sea” and acted “to prevent any threat to the safety of the ship and its crew.” The statement criticized the US for publicly “hyping” the incident. It also reiterated long-standing Chinese opposition to US close-in reconnaissance and military operations, calling for the US to halt such activities. Five days after the incident, the same PLAN ship that snatched the drone handed it off to a US guided-missile destroyer, the *USS Mustin*, in the same location where it had been taken. China tried to play down the episode and issued a statement saying that the transfer of the drone was smoothly completed after “friendly consultations” between the two sides. The Pentagon statement indicated that the US perceived the drone snatch as more serious than the Chinese did. It said that the US would continue to investigate the “unlawful” seizure. In addition, the statement said, “The US remains committed to upholding the accepted principles and norms of international law and freedom of navigation and overflight and will continue to fly, sail, and operate in the South China Sea wherever international law allows, in the same way that we operate everywhere else around the world.”

The 27th Joint Commission on Commerce and Trade

US Trade Representative Michael Froman and Commerce Secretary Penny Pritzker, together with Chinese Vice Premier Wang Yang, co-chaired the 27th annual US-China Joint Commission on Commerce and Trade (JCCT) in Washington, DC on Nov. 21-23. Throughout the series of meetings, which covered topics ranging from agriculture to cybersecurity, high-level trade officials from the US and China [addressed](#) bilateral challenges and discussed opportunities for collaboration, while also preparing for Washington’s transition to a new administration.

Steel overcapacity has recently become a prominent issue on the global economic stage and was a major

topic of discussion at the 2016 US-China Strategic and Economic Dialogue last June. As the world's top producer of steel, China has drawn worldwide criticism for overproduction and dumping steel into foreign markets. The G20 commitment to establish a "Global Forum" to help address excess capacity in steel was reaffirmed at the JCCT meetings. Both the US and China agreed to "jointly promote the expeditious establishment" of the Forum, as well as to share best practices for addressing steel production concerns.

Protection of intellectual property (IP) remains a major source of friction in the US-China relationship despite ongoing technical cooperation programs that aim to strengthen China's legal system with regards to IP. A notable outcome of this JCCT, according to the [US Fact Sheet](#), is China's agreement to "take further efforts to combat bad faith trademark filings." Regarding technology transfer, the Fact Sheet also noted China's active research on "the Technology Import and Export Administration Regulations (TIER) to address US concerns." While both statements lack specificity, they mark incremental progress from the Chinese side toward upholding IPR.

US Secretary of Agriculture Tom Vilsack also participated in the 27th iteration of the JCCT meetings in an effort to assist the US agriculture industry to expand agricultural trade with China. US agriculture industry is eager for China to accept new varieties of genetically modified agricultural products, but Beijing has yet to begin its biotech approval process. The US sees biotech agricultural trade as advantageous to both China and the US, as the current lack of market access hurts US farmers as well as China's livestock and innovation industries. US officials expressed frustration that China had not fully implemented commitments on agricultural biotechnology that it made in 2015.

Despite unwillingness to make headway on biotech crops, Vice Premier Wang noted that there is interest from Beijing in expanding cooperation in "agricultural technology, management, internet and farming and exploring the third country market." Ultimately, the absence of progress in this realm proved frustrating for Vilsack and Froman, with the latter noting to reporters at the conclusion of the JCCT, that "in the area of agricultural biotechnology ... we were disappointed with our inability to make more progress."

Coming just weeks after the US presidential election, the JCCT was likely the last opportunity for President Obama to conclude a long-awaited US-China Bilateral Investment Treaty (BIT) before leaving office.

Statements released by both sides did not even mention whether the BIT was discussed. Whether and how to proceed will now fall to the Trump administration.

The final JCCT of the Obama administration produced a commitment by both the US and China to continue cooperation to address bilateral problems, including China's anti-monopoly law, overcapacity issues (steel, aluminum, soda ash), food safety, innovation and cyber security, IP rights, the pharmaceutical industry, theater films, and trade policy. The two countries will evaluate efforts made in each of the aforementioned areas at the 28th JCCT in 2017.

IPR remained a forefront issue in US-China relations as the US Trade Representative (USTR) office [identified](#) three Chinese companies and six Chinese markets on its 2016 blacklist of "notorious marketplaces" in late December. The USTR blacklist identifies companies known for the sale of counterfeit products and violations of IP rights. Notably, Alibaba's Taobao website was placed back on the list after being taken off in 2012, as the USTR called the marketplace of "concern due to the large volume of allegedly counterfeit and pirated goods available." The Ministry of Commerce [charged](#) that including Chinese companies on the list was "irresponsible" and said it hoped that the US will objectively evaluate China's work on IPR protection."

President-elect Trump and China

Following the US presidential election on Nov. 8, President Xi Jinping sent a congratulatory letter to President-elect Donald Trump. In the letter, Xi [acknowledged](#) that the US and China share "broad common interests," and bear "special and important responsibilities" when it comes to maintaining world peace and stability. The note also expressed Xi's hope that the US and China will "expand bilateral cooperation in all fields" in accordance with the principles of "non-conflict, non-confrontation, mutual respect, and win-win cooperation." Six days later, after Trump told the media that he had not yet heard from China's leader, Xi followed up with a phone call. According to a *Xinhua* readout of the call, Trump and Xi [established](#) a "clear sense of mutual respect." Trump's transition office stated that the president-elect shared Xi's view that the two leaders will share "one of the strongest relationships for both countries moving forward."

The Chinese were likely reassured by Xi's phone call with Trump, but their hopes that Trump would prioritize good relations with China were dashed when Trump accepted a phone call from Taiwan's President

Tsai Ing-wen on Dec. 2. During the 10-minute call, Trump and Tsai acknowledged “close economic, political and security ties” between the US and Taiwan and discussed “strengthening defense” and promoting economic developments, according to Taiwan’s Office of the President. Trump is believed to be the first US president-elect to speak directly with Taiwan’s leader since Washington broke diplomatic relations with Taiwan in 1979.

Uncertain of Trump’s intentions and anxious to prevent deterioration in US-China relations, Beijing responded cautiously to Trump’s break with diplomatic convention. The next day, Chinese Foreign Minister Wang Yi [played down](#) the call, saying it was a “petty action” by Taiwan. Wang also gave Trump the opportunity to repair the damage, saying that the call would not change Washington’s “One China” policy, which, he underscored, is the cornerstone of US-China bilateral ties. Although the Obama administration played no role in the call, Ned Price, a spokesman for the US National Security Council, said “there is no change to our longstanding policy on cross-strait issues.” When asked about the call in a regular press briefing, the Chinese Foreign Ministry spokesperson [told](#) reporters that Beijing had “lodged solemn representations with the relevant party on the US side.”

In response to an onslaught of criticism after his call with Tsai, President-elect Trump took to Twitter, [writing](#): “Interesting how the U.S. sells Taiwan billions of dollars of military equipment but I should not accept a congratulatory call.” A few days later he tweeted:

Did China ask us if it was OK to devalue their currency (making it hard for our companies to compete), heavily tax our products going into their country (the US doesn’t tax them) or to build a massive military complex in the middle of the South China Sea? I don’t think so! Trump reiterated his message on Dec. 11 in an interview with *Fox News*. The president-elect said he saw no reason to [adhere](#) to the one China policy, implying the 37-year old stance could be used as a bargaining chip to obtain trade concessions from China. Trump also cited China’s currency devaluation and militarization of the South China Sea as harmful to US interests, implying that Taiwan could be used to as leverage to change Chinese behavior in these areas.

The Chinese Foreign Ministry spokesperson [responded](#) to Trump’s comments at a regular press briefing the following day, saying that the one China policy is “the political foundation for the development of China-US ties,” without which, “there is no possibility for the two

countries to grow their relations in a sound and steady way and cooperate on key areas.” Following days of fairly mild responses from Beijing, the state-run *People’s Daily* [posted](#) an editorial warning Trump that pushing China on Taiwan “would greatly reduce the chance to achieve the goal of making America great again.”

As China scrambled to ascertain whether Trump’s statements represented forthcoming policy changes, Trump announced the appointment of Peter Navarro, an anti-China trade hawk, to head the newly created National Trade Council. As 2016 came to a close, anxiety in Beijing about the future of US-China relations was likely running very high.

CHRONOLOGY OF US-CHINA RELATIONS

SEPTEMBER – DECEMBER 2016

Sept. 2, 2016: Chinese Vice Premier Wang Yang meets US Secretary of Treasury Jacob Lew in Hangzhou ahead of the 11th G20 Summit.

Sept. 3, 2016: US President Barack Obama and Chinese President Xi Jinping meet in Hangzhou for six hours in advance of the G20 Summit.

Sept. 3, 2016: US and China formally join the Paris climate agreement, handing UN chief Ban Ki-moon the documents of ratification.

Sept. 7, 2016: Speaking to reporters after returning from a two-week trip in Asia, Air Force Secretary Deborah Lee James says China is pursuing militarization in the South China Sea with the intent to “extend their reach” as a global power.

Sept. 8, 2016: At a meeting in Vientiane, President Obama tells the leaders of ASEAN that the July 12 arbitration ruling was “binding” and “helped to clarify maritime rights in the region.”

Sept. 9, 2016: Secretary of Defense Ash Carter says China bears “great responsibility” for North Korea’s fifth nuclear test and calls on Beijing to apply pressure to stop Pyongyang’s behavior.

Sept. 13, 2016: Obama administration launches a new trade enforcement action against China at the World Trade Organization over excessive government support for its agriculture sector.

Sept. 19, 2016: Premier Li Keqiang meets President Obama on the margins of the UN General Assembly to discuss pragmatic cooperation on bilateral and international issues such as trade, the Korean Peninsula, and climate change.

Sept. 21, 2016: US House Subcommittee on Seapower and Force Projection holds a hearing on

“Seapower and Projection Forces in the South China Sea.”

Sept. 22, 2016: US House Foreign Affairs Committee Subcommittee on Asia and the Pacific holds a hearing on “Diplomacy and Security in the South China Sea: After the Tribunal.”

Sept. 26, 2016: US Department of the Treasury imposes sanctions on four individuals and Dandong Hongxiang Industrial Development Co, for supporting North Korea’s WMD proliferation efforts.

Sept. 29, 2016: Two US Navy ships, the *USS Bonhomme Richard* and the *USS Green Bay*, make a port call in Hong Kong, the first such visit since China rejected a visit by a US aircraft carrier five months ago.

Sept. 29, 2016: Defense Secretary Carter says the US will sharpen its military edge in the face of Chinese territorial expansionism, which would ensure the US “remains the region’s strongest military and security partner of choice.”

Oct. 12, 2016: Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel says that Washington reserves the right to punish Chinese companies that violate US sanctions on North Korea if Chinese authorities don’t take action.

Oct. 14, 2016: US Treasury issues its 16th currency report under the Obama administration, which keeps China on a watch list for currency manipulation based on its large goods trade surplus with the US, but says China’s overall performance improved since April.

Oct. 19, 2016: China wins a WTO complaint against the US Commerce Department’s methods of determining anti-dumping duties on Chinese products in a WTO dispute panel ruling.

Oct. 20, 2016: Representatives from US Department of State and China National Space Administration discuss civil space cooperation at second Civil Space Dialogue in Washington.

Oct. 21, 2016: *USS Decatur*, a US Navy destroyer, sails near Paracel Island land features occupied by China, and is warned by two Chinese ships to leave the waters. The Chinese Defense Ministry calls the move “illegal” and “provocative.”

Oct. 29, 2016: An interim Strategic Security Dialogue is held in Beijing chaired by US Deputy Secretary of State Antony Blinken and China’s Executive Vice Foreign Minister Zhang Yesui.

Oct. 30, 2016: Foreign Minister Wang Yi meets Deputy Secretary of State Antony Blinken in Beijing, and says the two countries should create positive momentum to bilateral ties, especially ahead of the US presidential election.

Oct. 31, 2016: Special Representative of the Chinese Government for Korean Peninsula Affairs Wu Dawei meets newly-appointed US Special Representative for North Korea Policy of the Department of State Joseph Yun in Beijing.

Nov. 1, 2016: Secretary of State John Kerry and National Security Adviser Susan Rice meet Chinese State Councilor Yang Jiechi in New York.

Nov. 7, 2016: US Commerce Department launches two new investigations into whether Chinese steelmakers are shipping metal to the US via Vietnam to evade US import tariffs.

Nov. 9, 2016: President Xi Jinping sends a congratulatory message to Donald Trump on his election as president. Vice President Li Yuanchao sends a congratulatory message to Mike Pence on his election as vice president.

Nov. 13-18, 2016: US-China joint humanitarian aid and disaster relief drill is held at a military base in Kunming. More than 100 Chinese soldiers and 89 US soldiers join the drill.

Nov. 13, 2016: President Xi calls President-elect Trump and tells him that cooperation is the only choice for relations between the two countries.

Nov. 19, 2016: President Xi meets President Obama on the sidelines of the Asia-Pacific Economic Cooperation forum in Peru to discuss smooth transition of US leadership and implications for US-China relations.

Nov. 21, 2016: Vice Premier Wang Yang says at the closing ceremony of the US-China Tourism Year 2016 in Washington that the year-long series of cultural and people-to-people exchanges gave fresh impetus to bilateral relations.

Nov. 21-23, 2016: The 27th Session of the US-China Joint Commission on Commerce and Trade (JCCT) is held in Washington, co-chaired by Vice Premier Wang Yang, Secretary of Commerce Penny Pritzker and US Trade Representative Michael Froman, with Secretary of Agriculture Tom Vilsack also in attendance.

Dec. 2, 2016: Citing a national security risk, President Obama blocks a Chinese investor’s proposed takeover of Aixtron SE, a German maker of semiconductor manufacturing equipment.

Dec. 2, 2016: President-elect Trump receives a phone call from Taiwan’s President Tsai Ing-wen who called to congratulate him on his victory.

Dec. 3, 2016: China lodges “stern representations” with the US after Trump’s phone call with Tsai Ing-wen, urging that the US carefully handle the Taiwan issue.

Dec. 6-9, 2016: Chinese fleet, composed of the guided-missile frigates *Yancheng* and *Daqing*, and the supply ship *Taihu*, make a port visit in San Diego.

Dec. 8, 2016: China’s flies an *H-6K* bomber and other aircraft along the nine-dash line in the South China Sea, passing over a number of disputed land features.

Dec. 7, 2016: Third US-China High-Level Joint Dialogue on Cybercrime and Related Issues, co-chaired by Chinese State Councilor Guo Shengkun, Attorney General Loretta Lynch, and Secretary of Homeland Security Jeh Johnson is held in Washington DC.

Dec. 8, 2016: National Security Advisor Susan Rice meets State Councilor Guo Shengkun.

Dec. 12, 2016: On *Fox News Sunday* President-elect Trump says the US does not necessarily have to maintain its long-standing position that Taiwan is part of “one China” unless Beijing is willing to make deals on trade.

Dec. 12, 2016: China files a complaint at the World Trade Organization against the US and Europe after they reject giving China market economy status.

Dec. 15, 2016: Obama administration files a WTO challenge to Chinese restriction on grain imports (corn, rice and wheat) in the form of tariff-rate quotas, which allegedly blocked \$3.5 billion in imports in 2015 alone. This is the 15th WTO action by the Obama administration against Beijing.

Dec. 15, 2016: China seizes an unmanned underwater vehicle (UUV) operated by the US oceanographic survey ship *USNS Bowditch* approximately 50 nm from Subic Bay, Philippines.

Dec. 20, 2016: China’s PLA Navy vessel returns the seized UUV to the guided missile destroyer *USS Mustin*, in approximately the same location from where it was taken.

Dec. 20, 2016: Foreign Minister Wang Yi meets outgoing US Ambassador to China Max Baucus in Beijing, and states that while “there are certainly some contradictions between China and the US ... the common interests between both countries far outweigh the differences.”

Dec. 22, 2016: Chinese Foreign Ministry spokesperson says THAAD “severely disrupts the regional strategic balance, damages strategic and security interests of countries in the region, including China, and thus runs counter to peace and stability of the Korean Peninsula.” She further states China “will definitely take necessary measures to safeguard its security interests.”

Dec. 23, 2016: President Obama signs into law the national Defense Authorization Act for Fiscal Year 2017, which calls for senior military exchanges between the US and Taiwan.

Dec. 24, 2016: China’s first aircraft carrier *Liaoning* sets off for the Western Pacific for its first open-sea training exercise, according to the Chinese Defense Ministry.

Dec. 25, 2016: Foreign Ministry says China has expressed “stern representations” with the US after President Obama signed into law the national Defense Authorization Act for FY 2017.

Dec. 27, 2016: US charges three Chinese traders with hacking into the computer systems of prominent US law firms and stealing nonpublic information on mergers and acquisitions.

