

*As prepared for delivery*

**Remarks of Ambassador Locke**

USCBC

Washington, DC

Thursday, September 13, 2012

Thank you, John, for that very kind introduction. It is a pleasure to be among so many good friends and an honor to be invited to speak at this joint event of the US-China Business Council and Carnegie Endowment for International Peace.

I'd like to thank John Frisbie, the president of the US-China Business Council, which is hosting this event, as well as Doug Paal, the Vice President for Studies of the Carnegie Endowment which graciously offered their headquarters here as the as the venue.

We salute you for the ongoing role you play in greater international understanding. And thank you in particular for all you have done to strengthen relations between the United States and China.

## Asia-Pacific a Top Priority for U.S.

I don't have to explain to a group such as the enormous change transforming and modernizing Asia today. I firmly believe that much of the history of the 21<sup>st</sup> century will be written in the Asia-Pacific region. The Asia-Pacific is home to more than four billion people, three of the world's four largest economies, and some of its most vital ecosystems. Taken together, the economies of the region account for almost 60% of the world's GDP. It is critical to addressing nearly every international challenge we face today.

The United States has been a leader in the region for nearly two centuries. Our presence in the Asia-Pacific has helped maintain stability, foster economic growth, and create opportunities for its peoples.

Recognizing the critical importance of the region, it's no wonder President Obama from the very beginning identified engagement with the Asia-Pacific as one of his top foreign policy priorities

and set out to substantially increase our investments there – diplomatic, economic, and strategic.

President Obama and Secretary Clinton’s goal is to contribute to an open, stable, and just regional order, based on norms and institutions that benefit all nations and peoples. To that end, we’re reenergizing our relationships throughout the region – from our traditional alliances to our friendships and partnerships in ASEAN as well as with China.

In addition to conducting a series of important meetings with China’s senior leaders in Beijing last week, Secretary Clinton made stops in the Cook Islands for the Pacific Islands Forum, Indonesia to meet with government leaders and ASEAN, Brunei and Vladivostok, Russia for APEC. She also became the first U.S. Secretary of State to visit Timor-Lest, Asia’s youngest country.

Together with our friends, partners and allies throughout the Asia-Pacific, we hope to develop common solutions to shared problems, and leave the world a better place for our children.

## U.S. and China Cooperative Partnership

Clearly, as the countries with the largest economies in the Asia-Pacific, the United States and China have important roles to play in ensuring regional peace and prosperity. And we have shared interest in working together for the good of not just our own peoples but the whole region.

As our leaders have said, we intend to make history in our relationship with China in the 21<sup>st</sup> century. We intend to ensure that we find a way to coexist and cooperate without unhealthy competition, rivalry, or conflict.

Our two presidents have met 12 times in the last three years. Vice President Biden and Vice President Xi have exchanged productive visits. We have held four Strategic and Economic Dialogues, which broadened and deepened the government-to-government relationship to an unprecedented degree. Secretary Clinton's visit to China last week was her seventh as Secretary of State.

It is that kind of engagement that we know business leaders like you are generating – and we encourage you to do more. Those people-to-people and business-to-business exchanges are enormously valuable in building and growing our engagement with the region as a whole.

Conflict between a rising power and an established power is not inevitable. As Secretary Clinton, President Hu Jintao and Vice President Xi Jinping have all separately argued, we can – and we must –forge a relationship based on mutual respect and mutual benefit.

But we must also recognize that rhetoric alone – however positive – is not enough. We need to demonstrate that our cooperation achieves real results and brings real benefits to both our peoples and to the international community.

In our economic relationship, we believe that turning our rhetoric into reality requires fairness in both policy and practice. That means guaranteeing a level playing field for healthy competition between U.S. and Chinese firms.

It means establishing a more open investment climate and ensuring more opportunities for foreign goods, products, and services.

Fairness means ending unfair, distorting currency practices and improving protections of intellectual property to allow innovation to thrive.

Fairness also means listening and responding to each other's concerns, so that together we can find ways to further unlock the economic potential of our two countries.

Beyond trade, we need to demonstrate real results in confronting the international challenges that threaten the prosperity and security of both our countries.

On Iran, we cooperate closely with China – both bilaterally and within the P5+1 process – to achieve our shared goal of preventing Iran from developing a nuclear weapon. We have worked successfully with the Chinese government on four UN

Security Council resolutions that, together, have created unprecedented pressure on the Iranian government.

On Syria, however, while we appreciate that Chinese officials have called for an end to the violence in Syria, we continue to urge China to do more to work with the international community to resolve the crisis. Both of our countries have an interest in a stable and prosperous Middle East, which is threatened by continued violence in Syria.

On North Korea, we continue to consult with China on how to induce North Korea to meet its commitments under the 2005 Six-Party Talks Joint Statement and its obligations under UN Security Council resolutions, and to abandon all nuclear weapons and nuclear programs in a complete, verifiable and irreversible manner.

The world is looking for leadership from the United States and China. Fifty years from now, we want the history books to

describe our great accomplishments together, not our failure to act.

It is natural that we will not always agree. There are issues on which we have very real differences, such as universal human rights and basic freedoms. But to have the type of relationship we both seek, we must be able to talk frankly with each other about those differences and find ways to sustain dialogue.

The promotion of universal human rights is an essential element of American foreign policy. It reflects who we are as a people and our belief that respecting these rights is in every country's national interest. As Secretary Clinton has so eloquently stated, reforms that support universal human rights give people a greater stake in the success of their nations, which in turn makes societies more stable, prosperous, and peaceful.

These facts inform our conviction that a more open China that tolerates all views, ideas and expression, will lead to a stronger and more secure China, which is something that the United States and the world welcome.



The United States welcomes a strong, prosperous China that takes its rightful role on the world stage. And we want to partner more fully with China to promote peace, stability, and development, which benefits our two countries, the Asia-Pacific region, and indeed the entire international community.

### Cooperation in Areas Large and Small

The good news is that, today, the United States and China are already working together – in ways large and small – to expand our cooperation and address the global challenges we face.

On the economic front, we're working together to achieve real results for our peoples. Forty years ago, it would have been difficult to imagine the interdependence that characterizes our two economies today. To put this in tangible terms, in 1972 our annual bilateral trade was less than \$100 million. Two-way investment in each other's markets was close to zero. Only a handful of American jobs relied on trade with China.

Today, more than a billion dollars of goods and services flow between our two countries each day. More than 800,000 American jobs depend on producing goods and services sold to China. An even larger number of Chinese jobs are anchored by trade with the United States.

People in both our countries are benefiting from this deepening economic integration. Measured against the past and where the relationship has been, our two sides have made enormous progress.

In May of this year, we convened a highly successful fourth round of our annual Strategic and Economic Dialogue with the Chinese government. Among the economic achievements of this past round, China agreed to expand opportunities for foreign securities firms in China and to grant foreign companies access to the auto insurance market. China also agreed to undertake reforms of its tariffs and taxes on imported goods, which will expand consumption and imports.

Earlier in 2012, China acted to move toward a more flexible exchange rate system and to liberalize controls on the international use of its currency and on capital movements into and out of the country.

A more open trading relationship delivers real benefits for real people in both countries.

US exports to China are strong and growing. In 2011, exports of goods and services from the US to China totaled \$129 billion, up 14 percent from 2010. And in the first half of this year, exports are up 6% to more than \$61 billion.

At the same time, Chinese direct investment in the United States increased almost eight-fold between 2005 and 2011 – from \$700 million to \$5.4 billion – and is on a record pace so far in 2012, with \$3.6 billion in deals completed in the first half of this year alone.

Chinese investment into the United States creates jobs, boosts U.S. exports, and creates stronger U.S.-China economic and commercial ties.

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The United States and China are working together in other ways you may not know about – ways that show that cooperation leads to real benefits for real people in both of our countries.

The U.S. National Nuclear Security Administration has worked with its Chinese counterparts to support nuclear and radiological material security. The U.S.-China Aviation Cooperation Program has promoted safer aviation operations. And it was a partnership between PetroChina & Boeing that allowed China Airlines to make the first demo flight in China using biofuels in late 2011.

Further afield, we are collaborating on a first-ever U.S.-China cooperative project on Afghanistan, the launch of which I attended earlier this summer. And off the Horn of Africa,

international naval patrols including Chinese and US warships have helped sharply reduce acts of piracy this year, making some of the world's most important shipping lanes safer.

We're cooperating to expand in people-to-people exchanges, recognizing that the most important part of any relationship is the last three feet. Travel between our countries fosters a mutual understanding between our two peoples and facilitates collaboration and cooperation in every field.

The 100,000 Strong Initiative – first announced in 2009 – seeks to achieve President Obama's goal of having 100,000 American students study in China over the next four years. We are working hand in hand with key private-sector partners to make this objective a reality, and I encourage you all to participate in it.

As Ambassador, I've also made streamlining our visa process a priority in order to facilitate exchanges. And I'm happy to announce that our consular officers in Beijing and at our four visa-issuing consulates in Chengdu, Guangzhou, Shanghai, and Shenyang have processed more than 1.1 million visa

applications so far this fiscal year! That's a 42% increase from last year! And we've done it all while still keeping wait times for visa appointments less than eight days on average – and usually less than one week!

These joint efforts have shown that the United States and China can work together in the Asia-Pacific region and around the world to support common goals and achieve real results. Again, we've still got a long way to go, but I'm hopeful that working together we can escape from historical patterns and instead forge a legacy of cooperation and partnership that will be a model for future generations.

### An Interdependent Future

The more we are able to bring our two peoples together in common cause, the more we will be able to deepen a shared conviction between our two peoples that China's success is good

for the United States, and that a strong United States is good for China. And both a strong United States and a strong China are good for the Asia-Pacific region, because geopolitics today cannot afford to be a zero-sum game.

The world of the 21<sup>st</sup> century is fundamentally different than the world of the 20<sup>th</sup> century. The power politics of the past no longer work. We live in an interdependent world, transformed by advances in technology and transportation that allow the rapid flow of goods, information, and people to every corner of the world.

And just as the opportunities we face are global in scope, so are the challenges: from climate change to poverty, from nuclear proliferation to disease. No one country can solve these problems alone.

In today's world, we are more interconnected and more interdependent than ever before. Pollution knows no national

borders. A disease can travel from continent to continent as quickly as a passenger jet can fly. And a picture or a video or a comment can travel from smart-phone to smart-phone on opposite sides of the planet in an instant.

Our countries may have different cultures, languages and histories, but our peoples share the same goal: a better life for themselves and their children. Imagine what we can accomplish fifty or even a hundred years from now if our governments, our companies, and our peoples are working together.

All of us now share a common challenge to promote even stronger relationships throughout the Asia-Pacific region that deliver real results for all of our peoples, and for the entire region. The United States has an enduring interest in maintaining peace and prosperity across this entire region and will remain firmly committed to long-term engagement with the countries and peoples of the Asia-Pacific.



I am confident that with the help of the US-China Business Council and the Carnegie Endowment for International Peace, the US and China will make great strides in unlocking the full potential of this region and in improving the lives of our citizens.

Thank you.