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The United States-China Policy Foundation

美中政策基金會

2008 Annual Report

From the President...

The United States-China Policy Foundation (USCPF) is proud to have completed its 13th year as the only Washington, D.C.-based non-profit organization dedicated solely to the promotion of U.S.-China relations. As the USCPF enters its 14th year, I would like to share a few thoughts about the Foundation's development and major events over the past year.

First, I wish to thank those who have supported the Foundation. It is through this support that the USCPF has been able to maintain and expand its programs, events and research.

Over the past year, the Foundation has received generous contributions from several U.S. and Chinese businesses that have allowed us to continue established programs and develop new ones. I would like to extend my most sincere gratitude to these donors, including the Starr Foundation, the Freeman Foundation, AmGen Inc., FedEx, The Hershey Company, the Hong Kong Economic and Trade Office, PerotSystems, Wanxiang America Corporation, the Coca-Cola Company, China Telecom Americas, PetroChina International (America), Inc., United Airlines, Bank of China, and the Boeing Company. The Foundation is grateful to the individuals, corporations, and foundations that have generously supported us over the past year, and we look forward to continuing these relationships.

During the fall of 2008, the USCPF also welcomed two exciting additions. Dr. Henry A. Kissinger, former U.S. secretary of state, joined the USCPF as an honorary advisor. Since serving as the principle American engineer of the opening of China in 1972, Dr. Kissinger has remained at the forefront of Sino-American relations and has made an indelible contribution to the United States' international relationships. Dr. Kissinger currently is the chairman of Kissinger Associates, Inc., an international consulting firm, and a member of the Defense Policy Board. The USCPF is also honored to welcome Mr. John L. Thornton, a leading member of the American business community, to its Board. Mr. Thornton is a professor and director of the Global Leadership Program at the Tsinghua University School of Economics and Management in Beijing and chairman of the Board of Trustees of the Brookings Institution in Washington, D.C. Mr. Thornton is also a director of HSBC Holdings plc and a director and non-executive chairman of HSBC North America Holdings Inc. The Foundation looks forward to maintaining and expanding its programs and activities with the advice and guidance of Dr. Kissinger and Mr. Thornton.

With the continued support of the Freeman Foundation, the USCPF successfully completed its annual Policymakers Seminar Series and Trip to China. Through the program's unique pre-trip seminar series and one-week educational trip to China, congressional staff members learn about China and U.S.-China relations.



Dr. Chi Wang
President & Co-Chair
The U.S.-China Policy Foundation

In March 2008, the USCPF received approval from the U.S. Department of State pursuant to the Mutual Educational and Cultural Exchange Act of 1961 (MECEA) for the travel portion of the program. The USCPF was honored to receive this acknowledgement of the program's contribution to Sino-American relations and mutual understanding.

Through the Policymakers Seminar Series and Trip to China and similar USCPF programs, congressional staff and members of Congress are armed with the knowledge necessary to make informed policy decisions. The USCPF is proud of the contribution the program has made to U.S.-China relations since its inception, and we look forward to continuing and expanding the program.

At the close of 2008, the United States and China marked the 30th anniversary of normalized diplomatic relations. On December 15, 1978, the United States and the People's Republic of China announced their intentions to normalize their diplomatic ties. The USCPF was delighted to celebrate this milestone at our 2008 annual gala dinner and at a two-day academic conference hosted by the USCPF in conjunction with the Chinese Academy of Social Sciences in Beijing on December 15 and 16.

Now, as we look ahead to the coming year, it is clear that constructive Sino-American relations will be fundamental to overcoming the financial obstacles that lay before us. Positive communication and cooperation across the Pacific will be vital to tackle the issues created by the current financial crisis. Therefore, the Foundation will maintain and expand its programs to address current challenges. In this climate, the USCPF's commitment to promote U.S.-China relations and understanding will be more important than ever.

A handwritten signature in black ink, appearing to read 'Chi Wang'.

Chi Wang, Ph.D.
President and Co-Chair
United States-China Policy Foundation



Photo courtesy of Kissinger Associates, Inc. © Stewart Cohen

USCPF Welcomes the Honorable Henry A. Kissinger as Honorary Advisor

The USCPF was honored to welcome Dr. Henry A. Kissinger to the USCPF's Advisory Board. Dr. Kissinger's vast experience in East Asian regional affairs and commitment to the USCPF's goals of improving U.S.-China relations have proven to be assets to the Foundation.

As the main architect of the historic opening of China, Dr. Kissinger's efforts have been instrumental in shaping the current U.S.-China relationship. By advocating a policy of constructive engagement toward China and seeking to integrate Beijing into the international system, Dr. Kissinger's efforts were vital in creating an economic, diplomatic, and political environment in which China's transformation could take place.

Dr. Kissinger's long and distinguished governmental career includes serving as the 56th secretary of state from 1973 to 1977; assistant to the president for National Security Affairs from 1969 to 1975; chairman of the National Bipartisan Commission on Central America from 1983 to 1985; a member of the President's Foreign Intelligence Advisory Board from 1984 to 1990; and a member of the Commission on Integrated Long-Term Strategy of the National Security Council and Defense Department from 1986 to 1988.

At present, Dr. Kissinger is chairman of Kissinger Associates, Inc., an international consulting firm. Dr. Kissinger is also a member of the Defense Policy Board and serves as advisor to several major corporations.

Among the awards Dr. Kissinger has received have been the Nobel Peace Prize in 1973; the Presidential Medal of Freedom (the nation's highest civilian award) in 1977; and the Medal of Liberty (given one time to 10 foreign-born American leaders) in 1986.

Dr. Kissinger has published numerous books and articles on U.S. foreign policy, international affairs, and diplomatic history. His column, syndicated by Tribune Media Services International, appears in leading U.S. newspapers and in over 40 foreign countries.

With the advice and guidance of Dr. Kissinger, the Foundation will continue to expand our efforts to promote a better understanding between the United States and China. (Fall 2008)

USCPF Welcomes Mr. John L. Thornton as Board Member

The USCPF was delighted with the addition of Mr. John L. Thornton to its Executive Board. A leading member of the international business community, Mr. Thornton will bring not only experience in Sino-American business relations, but also knowledge of the overarching U.S.-China relationship.

Mr. Thornton is a professor and director of the Global Leadership Program at the Tsinghua University School of Economics and Management in Beijing. He is also chairman of the Board of Trustees of the Brookings Institution in Washington, D.C. Mr. Thornton is a director of HSBC Holdings PLC and a director and non-executive chairman of HSBC North America Holdings Inc. He retired in 2003 as president and co-chief operating officer of the Goldman Sachs Group and as a member of the firm's board of directors.

Mr. Thornton is a director of Ford Motor Company, Intel, News Corporation and China Unicom. He is a trustee, advisory board member or member of the Asia Society, General Atlantic, China Securities Regulatory Commission (CSRC), China Reform Forum, National Committee on U.S.-China Relations, China Institute, McKinsey Knowledge Council, the Hotchkiss School, Council on Foreign Relations, China Foreign Affairs University, and the Tsinghua University School of Economics and Management. In 2007, Institutional Investor Magazine named him one of 40 individuals who have had the greatest influence on global financial markets over the past 40 years. In 2008, he was awarded the Friendship Award of the People's Republic of China, the highest honor accorded to a non-Chinese citizen.

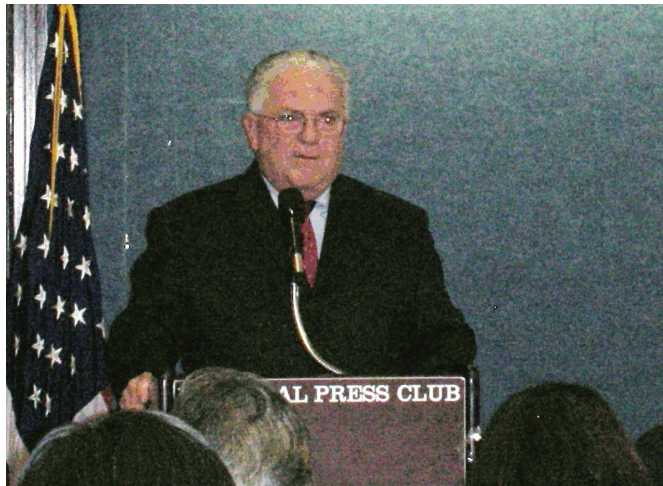
Mr. Thornton received an A.B. in history from Harvard College, a B.A./M.A. in jurisprudence from Oxford University and an M.P.P.M. from the Yale School of Management. He was elected a fellow of the American Academy of Arts and Sciences in 2007. (Fall 2008)



Photo courtesy of the Committee of 100

Program Report

U.S.-China-Taiwan Relations: Post-Taiwan Election Roundtable



Amb. Chas W. Freeman, Jr. addresses the audience at the March 25th roundtable on the Taiwanese presidential elections at the National Press Club.

On March 25, the USCPF hosted a roundtable discussion and luncheon to discuss Taiwan's March 22, 2008 presidential elections and referenda at the National Press Club. The event began with a panel discussion moderated by then-USCPF co-chair, Ambassador Chas W. Freeman, Jr.

The panelists included the following China experts: Dr. Richard C. Bush, III, director of the Center for Northeast Asian Policy Studies at the Brookings Institution; Ms. Bonnie Glaser, senior associate with the International Security Program at the Center for Strategic and International Studies; Dr. Douglas G. Spelman, then-director of the Office of Taiwan Coordination, U.S. Department of State; and Dr. Robert G. Sutter, visiting professor of Asian Studies at the School of Foreign Service, Georgetown University.

Dr. Bush began with remarks about the opportunities for improved cross-Strait relations created by Ma Ying-jeou's victory. Bush argued that if obstacles--namely the issues raised by the question of Taiwanese sovereignty--are overcome, then the Mainland and Taiwan could potentially move forward on substantive issues. Ms. Glaser followed Dr. Bush's remarks, focusing on probable PRC reactions to the election's outcome and potential developments in cross-Strait relations. Dr. Spelman provided his thoughts on the U.S. perspective of the elections and implications on future U.S. policy. Dr. Sutter concluded the remarks portion by addressing the regional and international position of Taiwan. He outlined the opportunities and implications the current environment and international reactions to China's rise for Taiwan.

The panelists' remarks were followed by a lively question and answer segment. The event continued with a luncheon at which Amb. Freeman gave a brief assessment of the current global environment and the role of Taiwan and cross-Strait relations in international affairs.

Policymakers Seminar Series & Trip to China 2008

The USCPF completed another successful year of the Policymakers Seminar Series and Trip to China Program. After more than a decade, the program remains unique; it is the only one of its kind that prepares participants for their trip to China with pre-trip seminars on a variety of subjects presented by top American scholars in the China field. By the time members of the delegation travel to China, they are equipped with a basic understanding of the country.

Policymakers Seminar Series

An Overview Chinese History: Pre-1949

Dr. Edward McCord, Associate Professor of History and International Affairs, The George Washington University

- This session provided participants with a thorough overview of Chinese history. To explain cultural and social factors behind historical developments in China, Dr. McCord presented the participants with a detailed explanation of two overarching concepts: the Mandate of Heaven and Confucianism. The Mandate of Heaven is a traditional Chinese concept concerning the legitimacy of rulers based on virtue, which also can serve to justify rebellion against an unjust or immoral ruler. Confucianism has created a hierarchical system of order based upon morality and education. (May 23, 2008)

China's Domestic Political System

Mr. Lonnie Henley, Deputy National Intelligence Officer for East Asia, National Intelligence Council

- Mr. Henley began his outline of the current Chinese political structure and political history by discussing China's political structure under Mao Zedong and post-1978 developments. Mr. Henley detailed the interlocking bureaucracies that comprise the post-reform Chinese political structure and discussed the trend toward modernization and embrace of market realities introduced under Deng Xiaoping, suggesting the importance of economic success may have implications on the legitimacy of the Chinese Communist Party. Mr. Henley indicated the transition of power to the fifth generation of leadership will be a true test of China's system of political succession. (June 13, 2008)



Lonnie Henley delivers a seminar on the Chinese domestic political structure. (June 13, 2008)

China's Security Interests

Admiral Eric McVadon, Director of Asia-Pacific Studies, the Institute for Foreign Policy Analysis of Cambridge; former U.S. Defense & Naval Attaché at the U.S. Embassy in Beijing

- Admiral McVadon discussed key issues raised by Chinese defense and military modernization, including developments in the North Korea nuclear situation and the cross-strait relationship. While the Six Party Talks remain difficult, Adm. McVadon suggested China's role has fostered good bilateral relations, altered the security environment, and enhanced prospects of an inclusive security framework. Turning to Taiwan, he explained some of the implications Chinese security developments have on this volatile issue, and observed that China's military intimidation and political maneuvering have kept Taiwan from moving toward independence. Adm. McVadon outlined the relationships and connections currently in place between China and the United States, and argued the degree of communication suggests the two have moved toward a strategic partnership. Looking to the future of U.S.-China relations, Adm. McVadon recommended a policy of "engaging seriously, hedging seriously." (June 20, 2008)

Economics and U.S.-China Trade

Dr. Pieter Bottelier, Adjunct Professor, School of Advanced International Studies, Johns Hopkins University; Senior Advisor, World Bank

- Dr. Bottelier gave an overview of the China's unique economic model used to achieve unprecedented growth. After presenting the policymakers with a general statistical profile of China's economy, Dr. Bottelier outlined several reasons for the success of the marketization and reform process. Dr. Bottelier remarked the Chinese Communist Party was both motor and guide to the market reform transformation. With regard to the Chinese financial system, although China receives a substantial amount of Foreign Direct Investment, Dr. Bottelier explained the bulk of the investment resources have been provided domestically using China's incredibly high savings. Dr. Bottelier concluded by discussing the vital interactions that take place between the Chinese political and economic sectors, strongly emphasizing the role political leaders have played in China's economic success. (July 11, 2008)



Dr. Bottelier gives participants an overview of the Chinese economy and its successful reform policies. (July 11, 2008)

China's Leadership

Dr. David M. Lampton, Dean of Faculty, Director of China Studies, and the George and Sadie Hyman Professor of China Studies, School of Advanced International Studies, Johns Hopkins University

- In his lecture, Dr. Lampton discussed the differences between Chinese and Western perceptions of their respective leaders. The influence of Confucianism has endowed Chinese leaders with a far greater level of importance and prerogative than their Western counterparts. Dr. Lampton observed that the Chinese political organization is exaggerated by democratic centralism and a lack of a defined legal structure. Dr. Lampton spoke briefly about individuals who have been the most influential in transforming China and gave a short profile of China's two leaders-in-waiting, Xi Jinping and Li Keqiang. (July 25, 2008)

U.S.-China Relations

The Honorable J. Stapleton Roy, Director, Kissinger Institute on China and the United States, Woodrow Wilson International Center for Scholars; former U.S. Ambassador to Singapore, the People's Republic of China, and Indonesia



Amb. J. Stapleton Roy provides participants with a brief overview of U.S.-China relations. (August 8, 2008)

- At the 2008 seminar series' final lecture, Amb. Roy shared his insights on various aspects of the Sino-American relationship. Amb. Roy began his seminar by addressing possible reasons Americans struggle to find the right perspective for viewing China, suggesting conflict arises from an inability for Americans to comprehend the vast differences between the countries. Regarding the question of whether China will become democratic, Amb. Roy referred to the China's high level of optimism: 82 percent of the population thinks the country is headed in the right direction. The economy is performing well, and although there are still various human rights violations, these have been dramatically reduced in the last few years. Amb. Roy continued by speaking about the effect of China's rise on international relations. In determining whether the U.S. and China can maintain a stable relationship during this period of rapid Chinese growth, dialogue and leadership will be the most important factors. Despite occasional tensions, however, Amb. Roy observed that the Sino-American relationship is ten times better than it used to be. (August 8, 2008)

Policymakers Trip to China

On August 31, a delegation of 14 congressional staffers departed for a week-long trip to China. Highlights of the trip included meetings at the U.S. Embassy in Beijing, the Ministry of Foreign Affairs, the National People's Congress, Fudan University, and the Shanghai and Suzhou Municipal People's Congresses, as well as visits to the Shanghai Urban Planning Exhibition Museum and the Semiconductor Manufacturing International Corporation. Participants also toured historic landmarks such as the Forbidden City, the Great Wall, and the Yuyuan Gardens to expand their knowledge of Chinese history and culture. At the end of the trip, the members of the delegation wrote reports expressing their newfound knowledge of China. Through the trip and seminar series, the congressional staffers became better equipped to provide relevant and accurate information to members of Congress regarding policies relating to China. (August 31 - September 7, 2008)



Policymakers trip participants pose in front of the Chinese Ministry of Foreign Affairs

Policymakers Trip Participants

Timothy Aiken
Legislative Director, Rep. Jim Moran (D - 8th VA)

Aaron Dowd
Special Assistant, Sen. Chuck Hagel (R - NE)

Bethany Joy Eyre
Legislative Assistant, Rep. Dan Burton (R - 5th IN)

Kim Fuller
Senior Legislative Assistant, Rep. Gregory W. Meeks (D - 6th NY)

Todd Greenwood
Professional Staff Member, House Committee on Oversight and Government Reform

Christopher Kaumo
Legislative Director, Rep. Raúl M. Grijalva (D - 7th AZ)

Brandi Lowell
Legislative Director/Deputy Chief of Staff, Rep. Lincoln Davis (D - 4th TN)
Katherine Sinclair MacGregor
Legislative Assistant, Rep. Thelma Drake (R - 2nd VA)

Rebecca Mark
Legislative Assistant, Rep. Gwen Moore (D - 4th WI)

Tonya Newman
Deputy Chief of Staff, Sen. David Vitter (R - LA)

Katherine Quinn
Legislative Assistant, Rep. Adam Smith (D - 9th WA)

Diana White
Administrative Assistant, Rep. Christopher Shays (R - 4th CT)

Stephanie Williamson
Senior Legislative Assistant, Rep. Howard L. Berman (D - 28th CA)

Rachelle Wood
Legislative Assistant, Rep. Eliot L. Engel (D - 17th NY)



Trip Participants and hosts from the National People's Congress visit the Great Wall

Luncheon Honoring Premier Wen Jiabao

On September 23, the USCPF, in cooperation with 10 other organizations, hosted a luncheon in honor of Chinese Premier Wen Jiabao and his delegation during their visit to New York for the opening of the United Nations General Assembly. The event was held at the Waldorf-Astoria Hotel in Manhattan and was attended by approximately 500 distinguished guests.



USCPF president and co-chair, Dr. Chi Wang, greets Premier Wen Jiabao.
Photo by Elsa Ruiz

At the luncheon, the premier spoke about the importance of the Sino-American relationship, outlined goals for its continued development, and remarked on the significant progress the China-U.S. relationship has made since his first official visit to the United States in 2003. Wen emphasized in order for China to achieve modernization and to build a strong, prosperous, and democratic country, its leaders must continue to embrace policies of reform and openness. He also sought to assuage any concerns about China's growth as a threat to the international community, saying "China's development will not harm anyone, nor will it be a threat to anyone."

Following his prepared remarks, there was a brief question and answer period, during which the premier addressed some of the recent concerns surrounding the safety of Chinese consumer products.

Ambassador Carla Hills, then-U.S. Secretary of Labor Elaine Chao, former Secretary of State Henry Kissinger, and Mr. Gregory Brown, president and CEO of Motorola Co., also delivered remarks.

The event was organized by the National Committee on U.S.-China Relations and the U.S.-China Business Council in association with the following organizations: America-China Forum, Asia Society, Business Roundtable, China General Chamber of Commerce-USA, China Institute, Committee of 100, Council on Foreign Relations, U.S. Chamber of Commerce, and the U.S.-China Policy Foundation.

USCPF Annual Gala Dinner

The USCPF held its 2008 Annual Gala Dinner on November 6 at the Willard InterContinental Hotel in downtown Washington, D.C. The 2008 dinner was of particular significance as the Foundation celebrated the 30th anniversary of the normalization of diplomatic relations between the United States and China.

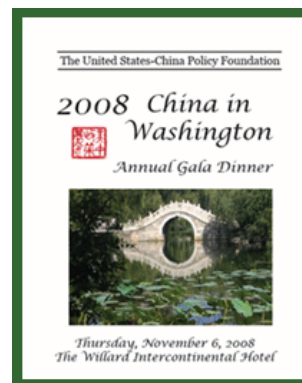
His Excellency Zhou Wenzhong, Ambassador of the People's Republic of China, presided over the evening's events and delivered the dinner address. Amb. Zhou began by sharing a letter from Chinese President Hu Jintao to U.S. President-elect Barack Obama. President Hu conveyed his congratulations to the newly elected president and expressed his hope the United States and China would continue to work together to develop strong ties.



Ambassador Zhou delivers remarks at the USCPF's annual Gala Dinner.

The Honorable James Sasser, former ambassador to China and USCPF board member, and Dr. Chi Wang, president and co-chair of the USCPF, also welcomed the guests and recognized the Foundation's corporate sponsors. The generous contributions of these organizations allow the USCPF to continue established programs and develop new ones to improve Sino-American understanding.

For a list of Gala sponsors or to view pictures and video footage of the Gala, please visit the Foundation's Web site, www.uscpf.org.



The 30th Anniversary of PRC-US Diplomatic Relations: Past, Present and Future

On December 15 and 16, the USCPF and the Chinese Academy of Social Sciences (CASS) co-sponsored a conference in Beijing to commemorate the 30th anniversary of the normalization of Sino-American diplomatic relations. Senior U.S. officials, scholars, and businessmen, as well as senior level Chinese ministers and government officials participated in the event, which served as an essential part of official Chinese anniversary activities.

Discussion sessions included an overview of Sino-American relations since 1978; Sino-American relations under a strategic context (1980s); Sino-American Cooperation and Disputes (1990s); Sino-American Relations in 2000s: from Strategic Competitor to Responsible Stakeholder or Constructive Partners; Key Issues and Elements in Sino-American Relations and Lessons Learned; and the Future of Sino-American Relations.

The USCPF was proud to sponsor a delegation of leading China scholars and former diplomats, including Dr. David M. Lampton, dean of faculty and director of the China Studies Program at Johns Hopkins University; Dr. Kenneth Lieberthal, China director at the Davidson Institute of the University of Michigan and visiting fellow at the Brookings Institution; the Honorable J. Stapleton Roy, former U.S. ambassador to China; the Honorable Chas W. Freeman, Jr., former U.S. ambassador to Saudi Arabia; and Dr. Chi Wang, president and co-chair of the USCPF. In addition, Dr. Joseph Nye, university distinguished professor at Harvard University, submitted a paper to the USCPF entitled "The Future of China U.S.-Relations."



Conference participants pose for a photo at the Chinese Academy of Social Science.

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