

# CRS Insights

President Obama's November 2014 Visit to China: The Bilateral Agreements

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At times in 2014, China has appeared to challenge U.S. leadership in Asia. It has employed what the United States has called "[coercive](#)" tactics against U.S. allies Japan and the Philippines over disputed maritime territory; proposed a [new Asian security concept](#) defined by the idea, as expressed by Chinese President Xi Jinping, that, "it is for the people of Asia to run the affairs of Asia, solve the problems of Asia, and uphold the security of Asia"; and launched a \$50 billion [Asian Infrastructure Investment Bank](#) outside of the post-World War II U.S.-led Bretton Woods economic system.

When President Obama visited China November 10-12 for the Asia Pacific Economic Cooperation (APEC) leaders meeting and a state visit, however, the United States and China rolled out a series of major agreements that highlighted another side of their relationship. That side is focused on increasing cooperation on global and regional challenges such as climate change, global economic governance, non-proliferation, and pandemic diseases like Ebola; improving the military-to-military relationship; and expanding business and people-to-people ties. Explaining the Obama Administration's pursuit of such cooperation, [a senior Administration official stated](#), "Disagreements, areas of competition, are normal and natural, but we want to build a relationship that is not defined by them."

The major agreements reached during the President's trip, his first to China since 2009:

## Mutual, Measurable Commitments to Limit Greenhouse Gas Emissions Voluntarily

The two presidents jointly [announced voluntary targets](#) to limit greenhouse gas (GHG) emissions, which contribute to global climate change. President Obama set a new policy target to reduce U.S. net GHG emissions by 26%-28% by 2025, while President Xi agreed to "peak" Chinese carbon dioxide (CO<sub>2</sub>) emissions around 2030, perhaps earlier, and to increase the non-fossil share of China's energy to around 20% by 2030. Both targets are relative to 2005 levels.

The announcement may jumpstart lagging negotiations under the United Nations Framework Convention on Climate Change, aimed at agreeing by the end of 2015 on climate change actions beyond 2020. The commitments could also improve international perceptions of American and Chinese abilities to lead on climate change, perceptions weakened by previous inability to find accord on GHG targets. Achieving the targets would demand more ambitious actions in both countries. Both leaders face substantial infrastructural and political challenges to transforming their energy economies and both seek to avoid local economic dislocations. The leaders may see benefits in lowering pollution levels and improving health. They may also perceive substantial costs if they do not cooperate, including lost business opportunities to develop and deploy the next generation of clean energy technologies.

## Agreement on Expanded Scope for Information Technology Agreement

The two governments announced that they had reached an understanding on products to be covered under a new Information Technology Agreement (ITA), a plurilateral agreement being negotiated among [70 members](#) of the World Trade Organization (WTO). A new ITA would seek to expand on the 1996 ITA agreement by adding more than 200 tariff lines subject to zero tariffs. Until recently, [the United States had criticized China](#) for holding up the ITA negotiations by seeking to exclude a broad range of products from tariff elimination in order to protect Chinese industries, such as semiconductors. China's stance contributed to a suspension of the ITA negotiations in November 2013. China's new position is expected to enhance the likelihood that a new ITA will be adopted. [Some U.S. business representatives](#) have viewed China's position on the ITA as a litmus test for whether the Chinese

government is serious about implementing an ambitious set of economic reforms it outlined in November 2013.

### Military-to-Military Confidence Building Measures

The two militaries signed two non-binding memoranda of understanding (MOUs). Despite its title, the first MOU, on "[rules of behavior for safety of air and maritime encounters](#)," so far addresses only maritime encounters. The MOU states that the two sides will complete an additional annex addressing air-to-air encounters in 2015, although sharp disagreements over U.S. reconnaissance flights near China's coast could derail that timetable. The MOU references international treaties and agreements to which China is a party and by which the United States has urged China to abide, including the United Nations Convention on the Law of the Sea and the Collision Regulations (COLREGs) contained in the Convention on the International Regulations for Preventing Collisions at Sea. The second MOU, on "[notification of major military activities](#)," states that both sides "affirm their aspiration to establish a voluntary foundation for notifications of major military activities, and endeavor to improve the scale and frequency of notifications gradually through consultations...." Both MOUs establish an annual assessment process. In 2009, China and Russia reached [an agreement](#) for notification of impending ballistic missile launches. [Some commentators have called](#) for a similar notification agreement for China and the United States, but China has so far been wary of the idea. Launch notification is not included in the new notification MOU.

### Visa Policy

The two countries agreed to a reciprocal arrangement extending the validity of short-term tourist and business visas (U.S. B visas and Chinese [L, M, Q2, and S2 visas](#)) to ten years and student and exchange visas (U.S. F and J visas and Chinese X1 visas) to five years. The longer visa validities will make business travel easier for citizens of both nations and could boost the U.S. tourism and education sectors. While 1.8 million Chinese travelers visited the United States in 2013, [the White House says](#) that annual number could rise to 7.3 million by 2021. Chinese nationals are already the largest group of foreign students in the United States, accounting for 28% of all foreign students. The White House notes that "Travelers will continue to be subject to all the same legal and security reviews that currently apply to visa applicants."