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A NEW KIND OF GREAT POWER RELATIONSHIP?

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P R O C E E D I N G S

MR. POLLACK: Good afternoon, and welcome. I'm Jonathan Pollack, Director of the John L. Thornton China Center here at Brookings, and I'm not surprised that we have a very, very full house today, befitting our speaker this afternoon.

It's my real honor and pleasure to introduce Madame Fu Ying, who will be with us today. Madame Fu, in the past, has often talked about her interest in coming and speaking at Brookings. And here, on a very hot summer day, she has arrived.

Although Madame Fu needs no introduction, I'll provide a brief one, for those of you who may not be totally familiar with her background. Madame Fu has, very recently, completed a 35-year career in the Ministry of Foreign Affairs. I counted up the number of years.

It began in 1978, I believe -- during which time, she moved steadily through the ranks, taking on increasingly important jobs, as well as, at an early point in her career, being an interpreter for Deng Xiaoping and others.

Her ambassadorial career includes stints as ambassador to the Philippines, to Australia, to the United Kingdom.

Have I named all your ambassadorial assignments now? Have I done that correctly?

And then, concluding with four years as a Vice Minister of Foreign Affairs, on a whole range of very, very important issues -- which, if anyone looks at her biography, you can see some of the things that were covered.

In March, she was appointed the official Chairman of the Foreign Affairs Committee, of the Chinese National People's Congress. That's the context in which she's going to be speaking to us today.

And Madame Fu will make some remarks here, from the podium, and then we will briefly entertain some questions from the audience.

But, Madame Fu, without any further delay, let me welcome you to the podium, and welcome you again. We're delighted that you are here today at Brookings.

AMBASSADOR FU: Thank you. Thank you, Director Jonathan Pollack. And ladies and gentlemen, thank you for joining me. I'm very honored to be invited to speak at the Brookings Institution, in your 101st year. And thank you for the compliments made.

When I was greener in my diplomatic career I felt very hesitant when I was going to make a speech. And the senior diplomat told me that one very important advantage you get when you make a public speech is that you get lots of compliments, which you normally don't get in

your lifetime.

So, thank you, and for over a century -- I will make some compliment for the Brookings, too. For over a century, brilliant minds and ideas have come out of this institution -- not only forming a cornerstone for American foreign policy, but, also, having a strong influence over international political thinking.

This is an important moment, actually. When I came to Washington as the Chinese and U.S. presidents -- President Xi Jinping and President Obama -- just had an important historic meeting at Annenberg -- and it's widely reported in China -- and I know this is also widely reported in the U.S.

And in China, people really felt very encouraged, seeing the two leaders, in shirts, in a very relaxed form. People expect them to have discussed lots of important things for the world, and for the two countries.

I'm especially impressed by the harmonious atmosphere in all form of meetings they've had. It is so good to see them spending considerable time sharing with each other thoughts for their own countries, and for the world.

One of the most important messages that came out is that they are ready to work together, to build a new type of relationship -- to head for partnership, not for conflicts, as many had feared.

Though they have not solved all the world's problems for us, we hope it will lead to many years of working together with productive results coming on the way.

I think it's fair to say that China and the U.S. have fairly different outlooks, which influence their perspective one way or another. The importance is for us to try to understand why the people in another country think and do things the way they do, and try to find a way to work together.

So, in my speech, I want to touch on some of the myths about China, and share with you the latest developments.

Talking about building a new model of relationship -- in the South, I could see that people in the U.S. and people in China think fairly differently.

For the new model of relationship of the two countries, the Chinese side proposed to respect each other, to treat each other as equals, to try to form a relationship for the benefit of both sides – a win/win relationship.

The title for the two countries is used in different forms. Some say "the relationship of great powers." The Aspen Dialogue had this term: "new model of relationship for great powers." China preferred to use "new model of relationship for major countries."

The reason is that, in China, people do not accept that China is a great power of the world. Nowadays -- when I visit Europe, visit Asia -- many countries regard China as a world power -- or the number two power in the world.

In China, on many occasions, when I speak to an audience of 200 or even 1,000, I normally start by raising a question: How many people agree that China is number two in the world? There was never a hand up in China. Maybe in universities, sometimes, a few -- but in Hong Kong, every hand was up.

My second question would be: Who do you think is the number two country in the world, if we don't agree that China is number two? There was no agreement. Maybe 10 or 12 people would agree it's Germany; maybe a few people would say it was Russia.

It shows that there's a way of thinking in China. People don't rank the world that way.

In the U.S., when we talk about "new type of relationship," some people question, "Why is China so ambitious, to try to be equal to U.S.?" When China said we should treat each other as equals, people wonder, "Is it a demonstration of an ambition of China?"

But in China, we treat countries like Laos as equals. That's the way of thinking in China. The President visited Trinidad and Tobago

as equals -- a small country -- smaller than most of the provinces in China, but they are treated as equals.

So, when we talk about establishing "new model of relationship," I think it's very important we try to understand each other, and try to understand why the other side think that way and behave that way.

I remember after the splendid opening of the Olympics of 2008, I was in London. A British journalist asked me, "What do you think is the most important achievement China has made?" I said, "From my point of view, to have enough to eat for 1.3 billion people."

Indeed, food has long been at the center of politics in China, throughout the history. Dynasties rose and fell around this essential issue. Now we have achieved a sufficiency of food, in one generation's time. It's easier said than done.

Everybody in my generation, I think, had an experience of feeling hungry -- the feeling of working hard, or an empty stomach.

When I was young, having something more, something nice to eat, was an everyday obsession. And we had food coupons.

And I remember towards the end of the '80s, the coupons were not so much used anymore. You suddenly realized you didn't need it. You could buy food, all kinds of food, on the market, without needing

the coupon.

But my mother refused to throw them away. She collected from my brothers, from me. She thought that, one day, maybe we would be in need of it again. And the last food coupon was printed in China in 1993 -- not very far away.

And even when I was in university, when we met each other, we didn't say, "Hello." We would say, "Have you had your meal?" It has long been the traditional way of greeting each other, with very good respect.

But if you ask young people now, a girl, "Have you had your meal?" she will think you have a problem. “What does it have to do with you?” She might be on a diet.

So, those days of shortages are gone forever. And thanks to sustained economic growth, with successful reform and opening to the outside world, the lives of the Chinese people are completely transformed.

But is everyone happier? Not necessarily. Take, for example, the young people in China who were born in the 1980s. They are the first generation of Chinese who know no hunger, who have always had enough to eat.

But one of the recent debate is about the '80s generation talking about they've grown old, they are tired -- because they found

themselves struggling under the burden of high mortgages, competition in jobs, and many other demands in lives. So, the challenges for today are no less daunting for Chinese -- though maybe at a higher level.

Top of the news in China now is about 9 million students attending the college entrance examination. In the meantime, up to 7 million students are graduating from universities, and they've started hunting for jobs. Sometimes thousands of applicants would be competing for a few jobs. And the Chinese Premier made a special visit to the social center, for arranging the employment of the graduates.

There are other challenges. The smog that thwarted Beijing last winter drove home the message that GDP should not come at the price of the environment. Migrant workers are not integrated into the cities where they work, and are unable to enjoy the benefits -- especially the second/third generation of migrant workers feel excluded in the cities where they are born.

And the gap is not small. Even around the big cities, 300 kilometers from Beijing or Guangzhou, for example, you find people living at very elementary conditions. The first visit the President made was to a village 300 kilometers from Beijing. And the people there live on about $150 U.S. a year.

As China is going beyond basic needs, people are

embracing new dreams. They long for stable jobs, reliable social security, better education, better environment, and better cultural facilities. They want better application of the rule of law; greater guarantee for their rights. They also want to take pride in the country, in the community of nations. They want to have a sense of dignity, as they become global citizens, and the assurance that their country and people are well-protected.

The concept of Chinese Dream, proposed by President Xi Jinping, came on time. He said in his speech to the 12th National People's Congress at which he was elected the President -- I quote -- he said, "The Chinese Dream is as much a dream of the whole nation as a dream for every individual. People should all share in the opportunities to fulfill his or her potential, to realize the expectation and to make progress, along with the progress of the nation."

The 18th Party Congress set forth two centenary goals. The first is to double not only GDP, but also per-capita income on the basis of 2010, for the 100th year of the founding of the Party in 2021. This is only eight years away. We had 7.7 percent of growth the first season of this year; slightly over the expectation of 7.5.

And according to the estimate, if we can keep seven percent growth, we should be able to attain the goal for the 100 years of the Party.

The second target is for 2049 -- or the 100th year of the

People's Republic -- to turn the country into a strong, prosperous, democratic, culturally advanced, and harmonious socialist society.

To achieve these goals, the new leadership is very firm on continuing reform and opening to the outside world. They have given priority to stable economic growth and more reform measures are announced, including readjusting government functions to allow the market and the society to do as much as they can, with good regulations, of course. And the government will focus on providing fair ground for competition, and looking after those who fall behind or are marginalized.

The country will strive towards industrialization, informatization -- this is a word we made up; we don't know how to express this -- and urbanization, and agricultural modernization. The future urbanization in China will be the largest the world has ever seen. It will involve 600 million farmers, which is about twice the population of this country. The emphasis is on the people -- or the integration of farmers into the cities.

If promoted successfully, this is expected to unleash great stimulus for growth and for expansion of consumer demand.

The environment pollution, the energy supply excess capacity, slowing down of the economy -- the problem list is also long. To tackle them, we must change the model of development, and to promote

greater international cooperation.

The underlying conditions for all these is improved rule of law. And the Standing Committee of the National People's Congress, to which I am a member, has laid down its program to step up legislation, making more laws, mainly in the areas where people's concern is. Now we have a total of 244 laws, forming a framework of legal state structure for the country, but more are needed.

There is also the need to improve the quality of laws, better enforcement of laws, and foster the culture of law compliance.

That is the general direction China's heading, and U.S. can very well join in, to be China's important partner -- as United States would only benefit from the many opportunities China's progress brings.

China cannot achieve its purpose without a peaceful international environment, and without working closely with the outside world, especially countries like the United States.

China's continued success will also add to world peace and prosperity.

Today's world is seeing great changes. Many developing countries, like China, India, South Africa, and many had long fell behind -- are now growing fast, and their share in the world economy is expanding.

Some developed countries are having financial and

economic difficulties, and the growth is slowing down. Statistics show that the gap between them is narrowing, and that gives rise to the theory that world power is shifting, and that the new powers will pose a threat to the original leaders of the world.

And this view is not shared in China. Actually, in the real world, one does not see power shifting from one hand to another. The changes, indeed, are occurring. The world issues are more and more globalized, and need to be handled by countries working together.

One should also not forget the surge of an internet population, which is more and more vocal in decision-making on issues at home and abroad.

So, if there is any change in world power, the power may be disseminating from the traditional center to a wider sphere. This change reflects a new development in today's world. A strong wave of globalization after the Cold War allowed capital, technology, market, and human resources to move more freely and quickly, and they have been disseminating from the traditional center to countries and societies that were long in the periphery.

Countries on track of fast industrialization have little incentive to replace the existing world structure from which they benefit. But given the need for the system to accommodate changes, and to allow

the participation of more newcomers, there has to be reform. If the structure was made for about a billion people of the OECD countries, then now maybe 3 billion are coming in.

So, these countries are working together with the developed world to promote reform, which is reflected in G20 and Doha round.

In the meantime, the developed world, from our point of view -- the United States, in particular -- remain the center and leader in many fields. You have the best universities, the most advanced science and technology, including cyber science, very dynamic creativity, high-end manufacturing, and most profitable companies and brands.

China has a long way to go, and it's very important for China to stay focused, and avoid losing sight of its right direction. The new leaders in China have shown lots of confidence, and the wisdom to do so.

Once, I was cochairing a seminar on China with Dr. Kissinger. And I explained the importance for China to continue following the main trend of the world, which is peace and development -- and we've been doing so since the Cold War.

And the trend was identified for us by Deng Xiaoping, who said, during his time, that the world war was not coming, and China should be focused on economic development; we should put all our resources in economic development.

And the Chinese word for "main trend" -- "*shi*" -- has difficulties finding an English equivalent. So, I said "main trend." And Dr. Kissinger explained it for me more eloquently. He said, "*Shi* is a term in Chinese political philosophy. It refers to the direction of movement and events, which is like water falling from above; nothing can stop it. And the job for the political leaders," he said, "was to identify where the *shi* is, and lead people to move in that direction."

And China should continue to move in this direction, which is peace and development.

For China and the United States, in spite of the doubts and hesitations which always existed, the real world moves a lot faster than expectations. In my 30 years and more diplomatic career, I see China and the U.S. working closer than we ever imagined.

We have, over the years, built a strong relationship for handling some of the most difficult issues. The Six-Party Talks is one such experience, and I was personally involved, and have lots of fond memories.

It was on a December day, and I was in a car, driving towards North Korea. And before crossing the border, I made my last call to Jim Kelly, checking on things. And he sounded very happy, and he said he was on the beach. And he reminded me it was Christmas Eve.

So, I said it was unfair: "Look, I'm going to be on a bumpy road, on a mission to mediate for a country which is enjoying holidays." And he said he was going to give me a treat. But that is still hanging, he never mentioned it later.

The past years have given rise to the concern that China's neighborhood has grown disquiet. I prefer to look at it from historical and global perspective.

In the years after the Cold War, we have seen many parts of the world in trouble -- some even in conflict. But Asia, at large, has remained relatively peaceful, allowing many countries to be focused on economic development, and to become successful. And this is because we've enjoyed peace. And peace is like the air -- without which we cannot live. Maybe we don't realize it when we have it.

We owe the original peace to the hard effort of all countries concerned. And China's policy for regional peace in China itself -- maintaining stability domestically, and prosperity -- also contributed significantly to it.

We hope the principles we've agreed with ASEAN countries on how to maintain the tranquility in the disputed area should stand, and the regional order of peace be respected.

China has, on many occasions, welcomed the constructive

role of United States, which has long associated and has long influence over Asia, but questions are often raised in recent years.

The United States invested heavily in Europe during the Cold War, for reasons we all know. And it invested heavily in the Middle East, against terrorism, after September 11.

Now the U.S. has shifted attention to Asia, which has been doing well. And the countries in the region expect -- and the countries in China, too, expect -- that China and U.S. would work in conformity with the trend that has existed in Asia. And they hope that we can work closer, to make sure that this trend continues.

So, Asia may become a ground for the new model of relationship between China and U.S. to start operation.

Many of the challenges we face today concern a common interest of this planet -- be it ecological sustainability, the possible spread of nuclear weapons, food safety, terrorist threat, or cyber security. Countries, big or small, are all on the same boat.

If we could go beyond the old era, and trust each other, we may be able to find strength to work together. Otherwise, the difficulties will only grow more difficult for us.

China and the U.S. have come a long way. You all know we have just launched another manned spacecraft, *Shenzhou-10*. And your

ambassador in Beijing told me that U.S.'s assistance was to China, helping to avoid the debris in space.

If we could work closely together on such sensitive issues in space, there's no reason we cannot do better on Earth.

Now the two leaders have charted the path. It's important for us to try harder to work together, to make the world a better place in the 21st century.

Thank you.

MR. POLLACK: Madame Fu, thank you very, very much for your wide-ranging and, I dare say, quite optimistic speech.

I took away two or three essential judgments from your speech. Some of them you made explicit; some of them, maybe not. Implicit, I think, in your speech was that the United States probably focuses too much on looking at China in an international context, and not enough in the relation to its fundamental internal transformation that is ongoing and continuing. Of course, there is a relationship between those two.

But I believe you also highlighted that the emergence of China and the emergence of other states in Asia, in a context that is essentially peaceful, has really enabled the kind of domestic transitions that are underway in China and elsewhere -- so that there is a connection

between, if you will, development at home and peace abroad.

And last, I think, you showed an awareness of how the questions that China confronts are not dissimilar to the questions that every society confronts in one way, large or small -- that there is an interconnectedness, whether it's the air that we breathe, the products that we use, the means we use to communicate.

We may have our different histories. We may have our different politics, but if we can, in effect, keep our eye on the ball, as we might say, maybe some of the unfortunate lessons of the past can not be repeated in the future.

Anyhow, those are the conclusions I drew from your talk, but I would really like to open this up to the audience as a whole here, that's patiently waiting for the chance to ask questions.

I see a number of people. I see this gentleman right here, and I'll recognize him first, and ask him to identify himself. And then another person I recognize several rows back.

MR. NELSON: Thank you, Jonathan. Chris Nelson, of *the Nelson Report*. Thank you so much for a very interesting talk.

You know, here in D.C., somebody who's a Chairman of a legislative committee, that's really important. Ambassadors -- if they're your friends, they're important to you, but maybe not quite so important.

So, should we address you as Madame Chairman or Madame Ambassador?

AMBASSADOR FU: Ambassador -- Ambassador stays longer.

MR. NELSON: That's right.

AMBASSADOR FU: Chairman is temporary.

MR. NELSON: I was going to guess you were going to say that -- or, should I say, obviously.

You make such an important point about cooperation, and respect, and tribute for equals. But we know that one of the issues that came up at the Sunnylands conference is something that's been coming up at almost every conference and meeting that we've all been participating in.

I was just out at the Shangri-la Dialogue in Singapore a week ago, and every speech, every government official, one way or another, indicated enormous concern about the situation of how to resolve maritime disputes in the South and East China Seas -- and, specifically, the dispute with the Philippines and with Japan.

The feeling in the hall was that it was difficult to impossible to actually discuss this with the Chinese officials, because their response to every concern was, "These are our resources. We're just doing what's

perfectly legal for us. What's your problem?" And it didn't confront the anxiety, the perceived use of force through paramilitary ships -- some armed -- especially against -- the Japanese call it Senkaku, recently.

How do you respond to both Americans and Asians who see China as basically unwilling to recognize the threat that is perceived by almost everybody else in Asia by China's behavior?

Thank you.

MR. POLLACK: Please -- this will test your diplomatic skills.

AMBASSADOR FU: Thank you. Thank you.

I have been involved on the maritime issue half of my career, so it's very familiar territory. But when you say that Chinese officials are not willing to discuss these issues, I don't quite understand, actually.

I think the Chinese officials are quite unwilling to accept some of the statement for the events that have occurred in South China Sea and in the Eastern Sea. None of them were China's making. They were all provoked.

So, for China, it's impossible in the 21st century -- having the history, the memory of the history, it's impossible for China to stand and watch when China's interests are threatened.

The question is, how do we address the problems? Our first approach is always talk. We always invite dialogues.

And secondly, we have to act in the field to stop the provocation.

And thirdly, we hope the matter can be brought back to the track which existed in the past, which worked. For example, shelving the disputes -- we agreed with the ASEAN countries through DOC. After many years of very intensive discussions, we have agreed that peace and tranquility should be maintained, and no unilateral action should be taken.

And China has been really closely following, respecting the principles, but we cannot be inactive if other parties break those principles. As I said in my speech, the order of regional peace needs to be respected.

For the South China Sea, another concern often raised is about freedom of navigation. And for that, China is equally concerned, if not more, because, you know, most of our exports and imports come through the South China Sea maritime lane. But we don't see the disputes affecting the freedom of navigation. Even, for example, when *(inaudible)* was very tense, the traffic was not stopped.

I think, in general, China has a strong responsibility and a strong interest in maintaining peace and stability in the region. And it's because of that that we are willing to shelve some of the disputes. But we are not giving them up. We cannot allow the situation to go in a direction that China will completely lose its territories. That won't do.

I hope I've answered your question.

MR. POLLACK: Thank you. Yes --

MS. BLOCH: Hi -- Julia Chang Bloch, President of the U.S.-China Education Trust.

Madame Ambassador, it's a great pleasure to hear from such a high-ranking female diplomat in Washington D.C. -- and from China.

Having been a former ambassador myself, I have often been challenged by those who do not believe that women make any difference at all in diplomacy. They often ask me, "Look, the United States has had three female Secretaries of State. I think China needs to have one -- yet to have one." We've had Madeleine Albright, Condoleezza Rice, and Hillary Clinton. And now, of course, Susan Rice is the second female head of the National Security Council. So, they say, "Show me. What difference have those top-ranking female diplomats had on U.S. foreign policy?"

It's a very difficult question to answer, and I wonder, from your perspective, whether you have an answer.

MR. POLLACK: You can now interfere in American domestic affairs.

AMBASSADOR FU: Thank you. Thank you very much. I

wish I had the ability.

Three of them -- they are all different. I have had no close encounter with any of them, but I was present, listening to them. The difference between women and men in our jobs is that people probably will pay more attention to how the woman Secretary of State is dressed.

And I like the brooch of Madame Albright. She came to China with a huge panda brooch, which was very thoughtful.

But I really can't comment on the U.S. Secretaries. I think they all did a very good job -- very respected -- and I like reading their memoirs. And I've been looking forward to the one of Secretary Clinton.

MR. POLLACK: Very good, yes.

Gentleman right there --

MR. JONES: Ambassador Fu, Bill Jones, *Executive Intelligence Review*.

I'd like to congratulate you on the successful *Shenzhou-10* mission today. I watched that on television, and, as a great proponent of the space program, it's good to see that something new is happening in space, and I hope you continue in that direction. I hope we have some possibilities of cooperation with China in space.

My question regards the issue of the meeting of major powers. Several years ago, somebody put forward the proposal that

China and the United States should be a G2. This was rejected by China, I think, for the reasons that you indicated -- how China sees itself -- and also by the United States. The United States, of course, since the Cold War, has been pretty much the one big power on the block, and becoming part of a major power group is not easy for it to get used to. So, it's got a ways to go, and it's feeling its way to that position.

My question is, how does China see itself, in terms of this major power issue? What is expected, and what is not expected, as opposed to relationships to other countries which are not the major powers? How does China view this?

AMBASSADOR FU: Thank you. Thank you for the congratulation, too.

I'm particularly pleased that one of the astronauts is a woman. She's the second woman astronaut in space.

For China's own -- how does China see itself? I think one thing that is often discussed and debated, abroad and in China, is the global responsibilities. How do the Chinese see their global responsibilities?

I think, on the one hand, the Chinese have a very strong belief in noninterference in internal affairs of other countries. Whenever there is interference, especially interference with arms or political

interference in other countries, in China, the general public disagrees, so that noninterference of internal affairs is deeply rooted in the Chinese culture. It started from Confucius: "Do not do unto others what you don't want to be done to you."

This belief maybe sometimes makes China look like China doesn't want to poke its nose into other countries, when China is expected to say something or to do something. I hope China can be better understood for that.

But it doesn't mean that China is not playing an international role. China believes that by doing well itself, it's a big contribution to the world.

For example, in 1981, the extreme poverty population in China accounted for 43 percent of the global total. In 2010, it came down to 13 percent. So, that's a big contribution to the world, from our point of view.

And China is contributing 20 percent of the global growth, economic growth. So, by growing itself, it is contributing to world growth. That's the way we see our international responsibility.

And, on the other hand, we have -- the total number of peacekeepers China has sent to the world is 20,000. And in 1992, when I was peacekeeping in Cambodia, China sent, first, a big group of

peacekeepers -- 500 engineer troops in Cambodia. But in about 10 years' time, we had become the largest contributor among the five members of Security Council.

So, for issues we regard as important for the world and for us, we will not hesitate to participate. But for things we do not believe in, maybe we do not stand up to stop it. But we wouldn't be part of it -- doesn't mean we don't want to take international responsibilities. There's a problem of a principle here. There's a matter of where we stand. That's an example of -- I hope answer partly to your question.

MR. POLLACK: Yes, thank you.

Yes, there's a woman in the back -- yes, yes. And, again, please identify yourself, so everyone knows who you are.

MS. VON REPPERT-BISMARCK: Thank you, Madame Ambassador. Juliane von Reppert-Bismarck, with MLex.

You mentioned the perceived power rankings that you've been talking about after the U.S. -- China, Germany, Russia. I didn't hear you mentioning the European Union, and some would say that, in fact -- well, it's not a country, but nonetheless -- some would say that the power balance with the European Union and China has been upset on another issue which you mentioned, which is globalization -- and, more specifically, solar panels, infrastructure -- all those sectors that are of

importance to both China and the European Union.

And my question would be, how can China and Europe work to regain that balance? Would you say that would have to be through settlement talks? And if so, would you say the priority should be talks between China and individual European countries, or, in fact, with the European Commission? And to what extent should the United States be involved in this?

Thank you.

AMBASSADOR FU: Do I get your questions -- can you repeat your questions in one simple sentence?

MS. VON REPPERT-BISMARCK: Oh, you want it simple?

AMBASSADOR FU: It's a very long question. I get a bit confused -- sorry.

MS. VON REPPERT-BISMARCK: Some would view the power balance between China and the European Union as currently being slightly out of kilter. There's several very high-profile disagreements over trade -- and, specifically, over solar panels and telecom infrastructure.

And my question to you would be, how can China work to regain the balance in that? Should that be via the European capitals? Should it be via the European Commission? And, when one is talking about settlement talks, should the United States be involved? Thank you -

- and if it is, in what sense is it involved?

Thank you.

AMBASSADOR FU: Thank you.

Europe is one of our largest trading partners. It depends how you calculate it. China's trade with Asia is $1.3 trillion U.S., and that is larger than our trade with U.S. and Europe put together.

So, if you regard E.U. as a group, as one entity, then it's quite big, in terms of relationship with China. But with every individual European country, the relationship is slightly different.

But, generally speaking, I think the E.U. and E.U. countries are important partners for China. Germany, for example, in recent years, has grown its relationship with China very fast -- more than, probably, other countries.

For the disputes we have with the E.U., I hope it can work out smoothly. We have a few months to have talks, and the negotiations are going on very intensively.

They would disagree with this move, because it's against the principle of free trade. At a time when the world economy is in difficulties, using these kind of protective measures does not help the global economy, and does not help the relationship -- and especially many E.U. countries and E.U. companies are not in favor of this move.

So, I'm optimistic that it will be worked out.

Thank you.

MR. POLLACK: Thank you.

Yes -- let's see -- it's hard -- yes, this gentleman here.

SPEAKER: They got time?

MR. POLLACK: Yep, barely.

MR. ROBERTSON: Hi. My name is Matthew Robertson. I write for *the Epoch Times*.

My question is on the new great power relations -- or the major powers -- however it's being phrased now. Can you talk about how it relates to the U.S.'s role in Asia? Does the PRC have a problem with the U.S. having alliances with Asian countries, with its military keeping the sea lanes open and so on? How is the U.S. role in Asia envisaged in this theory?

AMBASSADOR FU: As I mentioned in my speech, we acknowledge that U.S. always had a relationship/association with Asia/Asian countries. It has long had a strong influence on Asian affairs. And for China-U.S., we also have had a long association.

So, China has expressed, on many occasions, that we welcome a constructive role of the United States in the region.

As for the alignment, we all know the alignment relationship

was formed earlier. And what kind of role they will play is an issue we have. We are also watching. We hope the relationship will move in a direction that is in compliance with the existing trend, which is peace and development in the region.

We have no problem having good relationships with the countries which are aligned with United States, as well as with countries which are not aligned with the United States.

And as for China, we ourselves, we do not believe in alignment. So, we don't have any alignment with any country in the world.

For the general situation in Asia, obviously, there are developments or events that give rise to concern. And that's one of the subjects that China and U.S. are discussing. I have had some very productive discussions over some of the problems that occurred in Asia when I was working on Asia with my counterpart from the U.S. And I think China has a very good understanding of many of the issues.

One very important common ground China and U.S. have is that we want to maintain peace and stability in the region, and we both regard -- it's very important, not only for our two countries, but also for Asia and for the world.

So, with that basic common understanding, I believe that U.S. and China should be able to work closer in future.

MR. POLLACK: Madame Fu, that, unfortunately, is going to have to be -- or fortunately -- is going to have to be the note that you end on -- because I do know that she is on a very, very tight schedule this afternoon.

And I regret that there are so many other questions here we didn't have a chance to address, but I must say, you got questions coming from many, many different angles, and handled them all very, very judiciously. So, for that, we are grateful.

We are really, really so pleased that you've been with us here today at Brookings, and wish you all the best.

Thank you.

AMBASSADOR FU: Thank you. Thank you.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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