

## CRITICAL QUESTIONS

**A “G-2” Summit? Barack Obama and Hu Jintao on the Sidelines of the G-20**

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President Barack Obama and his Chinese counterpart Hu Jintao will meet in London on April 2 on the sidelines of the G-20 meeting. This will be the first meeting between the two leaders, and it highlights the importance of both the United States and China, and of their relationship, in the context of efforts to resolve the global economic crisis.

**Q1: What are the big issues on the table for the meeting?**

**A1:** Economic issues dominate the agenda between the two presidents, and not merely because of the G-20 context. The U.S.-China economic relationship is highly interdependent and is a sometimes unhealthy embrace. The United States has relied on China extensively for finance of the U.S. current account deficit, and China holds hundreds of billions of dollars in U.S. Treasury and agency debt. Meanwhile, China has been overly reliant on U.S. imports of Chinese goods to fuel its economic growth in recent years. The resulting imbalances are more than a minor factor in bringing about the current crisis.

The two countries need to find a way to restore some balance to their economic relationship in order to ensure a long-term, healthy global economic recovery. Too abrupt a disengagement—such as a Chinese sell-off of U.S. debt or a dramatic reduction in U.S. imports from China—would be chaotic for both economies and could be enormously damaging to the world as a whole. Ensuring continued, productive engagement on strategic economic issues will be the big focus of the presidents during their meeting.

**Q2: What about noneconomic issues?**

**A2:** There are plenty of significant noneconomic issues between the two countries that would be of enormous consequence. Given the overwhelming economic concerns, however, they will take something of a backseat. Nevertheless, the two will inevitably touch on matters such as military-to-military relations, particularly given the recent confrontation between the USS *Impeccable* reconnaissance ship and elements of the Chinese navy in the South China Sea; concerns over North Korea’s pending launch of a “satellite-bearing” rocket later that month and its implications for the Six-Party Talks; concerns regarding Tibet and the human rights situation there; relations across the Taiwan Strait; and potential cooperation between China and the United States in easing the Afghanistan and Pakistan situations.

**Q3: What substantive outcomes should be expected from the meeting?**

**A3:** Chinese have an expression: “the first time we meet, we are strangers; the second time, we are friends.” Because Chinese prefer to treat the initial meeting between officials as a “getting to know you” exercise, one should probably not expect significant results on any particular issue. On noneconomic issues, one should expect a simple statement that such matters have been covered. On the economic issue, a positive outcome would be a statement affirming the two countries’ commitment to continued strong engagement for both their own and the global good. A decision on the precise mechanism for that engagement—whether through a continuation of the previous administration’s Strategic Economic Dialogue or through some evolution thereof—will be evidence that the two governments already have a solid working relationship. Where that dialogue is housed (whether at Treasury, State, or within the White House complex) is a matter of some palace intrigue within the administration, and the final disposition will say much about the power structure with respect to international affairs in the Obama administration.

**Q4: Are we really heading toward a G-2 in which the United States and China are responsible for managing the world’s problems?**

**A4:** No, at least not officially, and both countries will take pains to reject the notion of an exclusive U.S.-China club. But the current crisis has certainly elevated China’s global status and international self-confidence. Given

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China's apparent willingness to stand up and be counted as a decisionmaker in global affairs, while other powers dither due to Europe's fractured state and Japan's naval gazing, an informal G-2 is increasingly likely. However, China is being careful to manage its multilateral relationships in ways that maximize its power base in broader organizations, particularly the G-20, by emphasizing solidarity with developing countries like Brazil, Russia, and India.

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