

*President-elect Barack Obama confronts a daunting array of immediate economic and security challenges. But that does not mean the Obama administration should neglect building stronger ties with China, urges Jeffrey Garten, international trade and finance professor at Yale and a former US undersecretary of commerce for international trade. China and the US need each other to boost a weakened global economy, set rules on combating climate change, encouraging development of alternative energy and plan a transition toward broader, multipolar governance – adjusting global institutions for a group of 20 leading nations rather than a mere group of seven. “The Middle Kingdom is inextricably linked to America’s domestic and foreign policy interests, more so than any other country,” Garten contends. “And this connection is likely to deepen in the years ahead, given China’s growth rate, its \$2 trillion in reserves, its growing role in the world economy and its increasingly global reach.” Making China the first stop among many anticipated world tours for the next US president, Garten notes, would emphasize the value of this bilateral relationship and Asia’s prominence in global affairs. – YaleGlobal*

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## Obama's First Trip Abroad Should Be to China

China and the US can accomplish much by immediately starting to work together

Jeffrey E. Garten  
*YaleGlobal*, 12 December 2008

NEW HAVEN: President-elect Obama's transition team faces daunting challenges at home and abroad. From the collapsing economy to dealing with deteriorating situation in the broad arc of South Asia the next administration must calculate exact priorities and their sequence. In addressing multiple and immediate crises, however, there's a danger that the new president may put aside some of the most basic relationships critical to nearly everything the US does. Case in point: building stronger ties to China.

From an economic perspective, the US will be joined at the hip to China for decades to come. It needs China's continued investment, help in managing global currencies, cooperation in strengthening the WTO and liberalizing trade, strong involvement in establishing a new set of rules to address global warming, participation in moving from a world governed by the G-7 to one managed by the G-20. From a security standpoint, China's policies are key to dealing with such hotspots as Iran, North Korea, and Pakistan, but its broader influence matters well beyond, for Asia in general, African resource-rich nations or any issue that arises in the UN Security Council.

In short, the Middle Kingdom is inextricably linked to America's domestic and foreign policy interests, more so than any other country. And this connection is likely to deepen in the years ahead, given China's growth rate, its \$2 trillion in reserves, its growing role in the world economy and its increasingly global reach.

With these considerations in mind, the Obama team should consider a break with tradition and prepare for the new president making his first overseas visit to China soon after the inauguration. Past presidents have visited Canada, Mexico and the UK for maiden voyages, but by heading to China, Obama would signal that America understands the massive shift of wealth and power to the East that has occurred over the last decade. It would be acknowledging the intertwined nature of domestic and international issues and China's pivotal role in



Flag ready: By making China his first foreign stop, President-elect Obama would send strong signal to home and abroad

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that complex equation.

Were Obama to make this trip at an early date, he would not be prepared to negotiate fine points of any issue. But there could nevertheless be a rich agenda.

Obama's philosophy about changes in the vision for US foreign policy: When you subtract exiting from the Iraq war, bolstering NATO forces in Afghanistan and repairing America's image in the world, Obama didn't say much about US foreign policy during the presidential campaign. Obama would arrive in China not having vilified the country as President-elect Bill Clinton did, constantly referring to the "butchers of Beijing," and he will be more trusted than President George W. Bush, who, with some hostility, started his term by insisting that China was not a partner but a "strategic competitor." Obama thus has the freedom of starting from a neutral position. The leaders in Beijing are curious about his evolving world view, particularly his priorities, goals for the first term, and any changes in the status quo for which China should prepare.

The global recession: Economic growth is slowing in both the US and China, and both countries are in the midst of economic stimulus plans. The Obama and Chinese teams should exchange views on how their plans are evolving and what kind of broader global stimulus package involving Japan, India and the EU should be forthcoming. They should be frank about their concerns, too. For example, from China's standpoint America's bailout of its automobile companies looks like it will discriminate against all but the Big Three manufacturers, putting Chinese car companies who might wish to export cars to America at a big disadvantage. Beijing continues to worry about effectiveness of US policies to protect the value of its US massive investments. For its part, Washington has deep concerns about China's currency policy and recent hints suggest that it may keep the yuan from appreciating, as it has been doing, to stimulate exports. Other than the protectionist overtones, this policy runs diametrically counter to America's view that China should stimulate its growth more from consumer demand at home and less from exports. The US should want China to step up to help finance IMF rescue packages for poorer countries suffering from the recession.

The future of the global economy: The two nations should discuss a shared vision for the global economy once the recession ends. The issue can be posed this way. In 2008 and 2009, at a minimum, the world will have seen the largest intervention of governments into the global markets for more than half a century. To what degree is the new state capitalism temporary and to what degree will a new and powerful regulatory regime remain? The leaders should discuss how to shore up existing global institutions and possible new global mechanisms.

Security and energy: There is a rich security agenda, too, including an exchange of views about terrorism and nuclear non-proliferation, and there are critical challenges regarding energy and climate change. The need for an ongoing mechanism for the two countries to work together, as the Bush administration did under the rubric of the Strategic Economic Dialogue, could also be on the agenda.

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No one should expect that at this early date, Obama would go far with any of these topics. But he should break the ice by explaining his current thinking, and he should listen carefully to the Chinese leaders – their priorities, constraints and any common ground.

It doesn't take much imagination to anticipate criticism leveled at such a trip. Some would say that the new president should stay home and attend to the acute problems he faces, rather than travel around the world. However, they would ignore the fact that China's policies are central to resolving many of America's problems, and that some of these policies could well undermine what Uncle Sam needs to do.

Many Asian experts could say that singling out China for such special treatment would infuriate Japan, a steadfast ally and already nervous about Beijing's rise as superpower. These same critics might also say that a trip to China would evidence too narrow a view of the many relationships that America has and continues to need in Asia, including with Indonesia, the world's largest Islamic country, and India, the world's largest democracy, as well as with South Korea, steadfast military partner to the US. Some China hands might even say that if an American president treats China as exceptionally as I suggest, Beijing would consider it a sign of American kowtowing. I'd still opt for China alone, because of its overwhelming importance, but a broader Asian trip, with China as main stop, should not be ruled out.

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The biggest point is that even as Obama battles the economic urgencies of the moment, even as he wrestles with the problems of the Middle East and South Asia, he should show that he understands the future trajectory of America. All roads will eventually lead to Beijing, so there's no time to waste getting there.

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