This is the first time China has agreed to do so with any country. The US would benefit from increased access to the Chinese market, particularly in the service sector where it maintains a competitive advantage. China could benefit from more consistent treatment of its investors in the US in addition to benefiting from access to US workplace productivity tools and technologies inside China to improve its productivity and economic efficiency.



The US-China relations are not like a marriage, as some people like to describe it, rather it is like the ties between conjoined twins who share common organs and cannot be separated without both perishing.

According to US Treasury Secretary Jack Lew, the agreement could, for the first time, include all phases of investment, including market access, and sectors of the Chinese economy (except for limited negotiated exceptions).

Lew said: "A high standard US-China BIT is a priority for the United States and is critical to levelling the playing field for American workers and businesses. A successful BIT negotiation would open up China's highly restrictive system to foreign investment and help create a wide range of opportunities for US firms to participate in the Chinese market. Negotiations could address a range of US commercial and economic priorities, including greater market access, removal of investment barriers, protections against technology transfer, and increased transparency."

Chinese Commerce Minister Gao Hucheng has rightly said that "investment is an important area of China-US economic cooperation. It is a mutual concern of both parties, and both parties need to have creative thinking in order to create convenient conditions for the mutually beneficial cooperation between businesses of the two countries."

We will indeed need lots of creative thinking. Graham Allison, a professor at Harvard University, has written about the historical pattern that he calls the "Thucydides trap". His contention is that rarely can a rising nation avoid war with the dominant power. He traces this back to ancient Greece when the historian Thucydides said Athens' rise stoked Sparta's fear that its dominance was threatened. The resulting 30-year war destroyed both civilisations in the process. And closer to our own time, since 1500 in 11 of 15 similar cases, the result was also war.

As the world's two most important countries, it is critical that both sides find as many ways as possible to keep lines of communications open. Why? Knowledge brings understanding. The lack of mutual understanding gives rise to suspicion, leads to miscalculations and can result in both hot and cold wars.

The US-China relations are not like a marriage, as some people like to describe it, rather it is like the ties between conjoined twins who share common organs and cannot be separated without both perishing. In fact, the two countries will continue to share such a relationship in the long term.

No one can be sure whether the two countries can always be best of friends, but they have the potential to be the best of partners. Ignoring each other and the "Thucydides trap" can be their undoing, Working together, while conceding their differences, offers hope not only to the peoples of both countries, but also to the others across the world who are affected by Sino-American relations. The S&ED is a key tool in this regard. And the S&ED, with its more cooperative attitude, especially the opening of serious negotiation on a BIT, bodes well in this regard.

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