



**Regional Security and Global Governance  
11<sup>th</sup> Dialogue on US-China Relations  
and Regional Security**

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The Center for American Studies (CAS), established in 1985, is one of the major research institutions for American studies in China. In December 2000, the CAS was designated by the Chinese Ministry of Education as one of the key research institutes of the Humanities and Social Sciences in China, focusing on American studies. The Ministry of Education and Fudan University have provided financial support to the CAS ever since. The CAS has been greatly facilitated by support from the American Schools and Hospitals Abroad (ASHA) program. This support has been applied through the Fudan Foundation in Washington, DC, which has also established a “Xie Xide Scholarship,” in memory of her tremendous efforts for friendship between China and the United States.

## **Pacific Forum CSIS**

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## Executive Summary

Some 30 individuals from a variety of backgrounds from the US and China (all attending in their private capacities) met in Honolulu June 10-11, 2011 to discuss US-China relations, regional security issues, and approaches to and opportunities for bilateral cooperation in the governance of security-related issues. Nineteen Pacific Forum Young Leaders and nine graduate students from Johns Hopkins School of Advanced International Studies and Tufts University Fletcher School of Law and Diplomacy also participated and provided a next generation perspective.

The dialogue demonstrated that both sides have a good understanding and realistic views of where the other stands on major regional security issues. While relations remain on a positive trajectory, the relationship was buffeted over the past year by a range of bilateral, regional, and global issues. Several high-level interactions helped promote better relations. Hu Jintao's visit to the US gave an opportunity for the leadership to reaffirm common interests effectively set the agenda for the next two years. It also served to demonstrate that cooperation can remain a dominant feature in the relationship. The exchange of visits by Secretary of Defense Robert Gates and Chief of the General Staff Gen. Chen Bingde marks a significant baseline for improving military relations.

The power balance in East Asia is shifting as China is becoming the economic center of the region – it is now the largest trade partner of South Korea, Japan, and the ASEAN countries. Meanwhile, the US remains at the center of regional security relations, which to some extent ameliorates security concerns of China's neighbors, although some remain skeptical about the US ability to sustain its military presence in the region. Plainly, there remains significant mistrust between the US and China. The sense that the US "return to the region" is being done to contain China and anticipates a growing security dilemma between the two is a common theme. Therefore, communicating intentions is critical to promote understanding and avoid misperceptions.

The past year saw a steady improvement in the cross-strait relationship between the Mainland and Taiwan. Nevertheless, the 2012 elections in Taiwan coupled with underlying issues that remain unresolved and increasing skepticism that the momentum can be sustained demand careful management of the relationship. While the Mainland is frustrated with its inability to get more out of Ma's policy of "easy first and hard later," he is seen domestically as moving too fast and being too sympathetic to Mainland interests. There remains a great deal of suspicion on both sides regarding efforts to reduce cross-strait tensions; any mutually acceptable agreement on the meaning of the one-China principle seems unlikely in the foreseeable future.

The breakdown in North-South relations over the past year and the fundamentally different strategies for addressing denuclearization puts the US and China on opposite sides in addressing security concerns on the Korean Peninsula. Although the Hu-Obama summit helped reduce tensions, the prospect for further cooperation remains slim as the US questions the value of the Six-Party Talks as a viable mechanism for negotiating

denuclearization of North Korea, especially in light of North Korea's revelation of its uranium enrichment program. Meanwhile, China continues to press for a return to the Six-Party Talks as it believes that action must be taken to prevent North Korea from creating instability in the region, either through further provocations or its collapse.

In the examination of how each country approaches humanitarian assistance and disaster relief, there was general agreement that there are opportunities for cooperation in providing a public good in the region. There was general acceptance that offers of assistance in response to large-scale disasters in the region have improved trust among countries. Most participants also agreed that countries could do a better job of coordinating relief efforts. Others went a step further to suggest that given the comparative advantages of the US and China, collaboration on disaster relief could serve as an important confidence-building measure. Despite several nascent initiatives to improve response capability among multilateral organizations in the region, it is unlikely that any organization will have an operational capability in the near future.

Development assistance is an important component of both US and Chinese foreign aid programs. Both countries recently issued important policy documents on the subject as the US issued its *Quadrennial Diplomacy and Development Review* in September 2010 and China issued its *Foreign Aid White Paper* in April 2011. For the US, the most pressing need is developing strong institutions to promote good governance. For China, the most pressing need is promoting economic development with the expectation that it will lead to strong institutions. Both countries have come to recognize that regardless of motivation, assistance does not "buy" friendship.

Both China and the US actively pursue WMD diplomacy to promote nonproliferation. Yet, policy coordination between the two has proven quite difficult, due largely to different perceptions regarding the use of UNSC sanctions. Chinese participation in arms control also remains a difficult topic as many in the US and Russia believe it will be very difficult for arms control talks move forward without some Chinese commitment to the process; China clearly remains reluctant.

There is general agreement that ASEAN is and should remain at the center of regional multilateralism. However, China and the US also have particular points of view about how to shape the regional security architecture and believe ASEAN has limited capacity to lead the region to action. Instead, there seems to be a sense of satisfaction that the "ASEAN way" has thus far provided a means to avoid open confrontation over sensitive security issues. It is likely that there will continue to be an overlapping array of multilateral organizations involved in various aspects of security and economic relations in the region for the foreseeable future.

Participants have come to appreciate that the inclusion of global governance issues in the agenda has added fresh impetus to promoting cooperation between the two countries. While acknowledging that the spirit of partnership was not fully realized in the dialogue, there is a growing recognition that the discussion should be about how – and not if – bilateral cooperation was needed.

**11th Dialogue on  
US-China Relations, Regional Security, and Global Governance  
Honolulu, June 10-11, 2011**

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**Developments in Bilateral Relations and Regional Security**

In the first session, the group addressed recent developments in regional security and bilateral relations. *Tao Wenzhao*, a senior fellow at the Institute of American Studies at the Chinese Academy of Social Sciences, described 2010 as a turbulent year for the relationship as it was buffeted by a full range of bilateral, regional, and global issues. The primary factor in bilateral relations remains Taiwan. However, with the improvement in cross-strait relations, these problems appeared be more easily addressed than in the past. On the regional level, the Korean Peninsula absorbed most of the attention. To the south, ASEAN was the source of both positive and negative developments. Implementation of the China-ASEAN Free Trade Agreement has gone smoothly and has promoted better relations for China. However, the altercation between Secretary of State Hillary Clinton and Foreign Minister Yang Jiechi, revealed bilateral tension over South China Sea territorial disputes. Similarly, the US claim that the US-Japan defense treaty applied to Japan's claim to the Senkakus increased Chinese resentment toward the US.

Tao felt that relations remained on a positive trajectory despite these difficulties. Hu Jintao's visit to the US in early 2011 provided an opportunity for the two leaders to reaffirm common interests, especially on global issues, and effectively set the agenda for the next two years. It also served to demonstrate that cooperation can remain a dominant feature in the relationship. The newly established Governors Forum and people-to-people exchanges will help create better understanding among the people of the two countries. The exchange of visits by Secretary of Defense Robert Gates and Chief of the General Staff Gen. Chen Bingde marks a significant baseline for improvement in military relations. This was further solidified by the successful Strategic and Economic Dialogue, which included an agreement to establish a US-China Strategic Dialogue. Based on these developments, Tao concluded that the People's Liberation Army (PLA) is committed to developing sustainable relations with its US counterparts. Continued cooperation on climate change, energy, and the environment remain bright spots in the relationship.

Turning to potential problems, Tao noted that despite the agreement reached between the two presidents at their Washington summit, tensions on the Korean Peninsula remain high and a potential source of conflict between the US and China. He

warned that a US decision to go ahead with arms sales to Taiwan would set back the gains made so far this year, at least temporarily. The upcoming elections in Taiwan are also likely to affect US-China relations even though both sides probably have an interest in seeing Ma Ying-jeou re-elected. Differences in trade and economic relations remain a potential source of conflict, although these issues are being addressed through multiple channels. As the US seeks to increase its exports into Asia and demands faster appreciation of the RMB and changes in China's procurement and indigenous innovation policies, these issues will become more difficult to resolve.

Tao concluded by arguing that the power balance is shifting in East Asia. China has become the economic center of the region based on the fact that it is now the largest trade partner of South Korea, Japan, and the ASEAN countries. As economic dependence deepens, these countries are concerned about the implications of China's rise. Meanwhile, the US remains at the center of strategic relations in the region, which to some extent ameliorates concerns of China's neighbors, but some remain skeptical about the US ability to sustain its presence in the region.

In his remarks, *Michael McDevitt*, Center for Naval Analyses, agreed that major power relations (US, China, Japan, India, South Korea) in the region are generally in good shape – not necessarily warm, but also not likely to lead to open conflict. The major caveats to this characterization are developments over the past year on the Korean Peninsula and the South China Sea.

Recognizing that the two “long wars” in Iraq and Afghanistan are taking a toll and that the slow economic recovery limits its options, the US has shifted emphasis to a strategy of reassuring Asian countries that it is committed to sustaining its security interests in the region. As China continues to build its military capability and as the US shifts military assets in the region as part of its reassurance strategy, there is a clear sense of growing competition between the two that seems to be largely driven by China's area access/area denial strategy.

The most significant change over the past year is that the US and China have again “normalized” the security relationship – although a cynic might note that this is the fifth time in 10 years that has occurred. Obstacles cited by the PLA (i.e., US arms sales to Taiwan, US surveillance missions in China's Exclusive Economic Zones, and restrictions placed on the PLA based on the annual report to Congress) remain. So, it is almost certainly just a matter of time before another interruption. Nevertheless, the ups and downs of the military-to-military relationship are of marginal concern as long as the leadership is able to insulate it from the broader cooperative relationship. Since it is unlikely that either side will give in on the perceived obstacles, the important task is to keep the overall relationship from becoming hostage to relations between the two militaries. In this context, high-level military talks are important to reduce the likelihood of misperception and to promote operational cooperation in areas such as anti-piracy.

McDevitt's most significant concern over the past year is the changing nature of the threat from North Korea. As Pyongyang continues to develop more sophisticated



weaponry while retaining its nascent nuclear weapon capability, it is becoming a direct threat to the US. Further, as it becomes more apparent that North Korea does not have any intention of giving up its nuclear weapon capability and with its provocations becoming more assertive, there is a much greater potential for miscalculation and further escalation of tension on the peninsula, which creates instability throughout the region.

The ongoing tension in the South China Sea dominated the discussion. Regarding the confrontation on the topic between Secretary Clinton and Foreign Minister Yang at the July 2010 ASEAN Regional Forum (ARF), a common US understanding was that Clinton's offer to facilitate dialogue was consistent with past US policy of calling for peaceful resolution, adherence to international law, and no interference in the freedom of navigation in international sea lanes. However, the statement reportedly came as a surprise to the Chinese delegation even though it was endorsed by 11 other countries at the meeting. Chinese participants offered two explanations for Yang's negative response to the statement: first, it was seen as an attempt to force a China-ASEAN dialogue on the issue rather than the bilateral dialogue that China wants, and second that the US was attempting to intrude on an issue between China and individual countries making territorial claims in the region. Either way, it was taken as an unwarranted intrusion by the US in China's affairs.

In a broader context, several Chinese offered explanations for China's recent actions in the South China Sea. One interpretation of the "9-dash line" was that it was not meant as a direct territorial claim (no intent to "close the line") that China was attempting to impose on others. In fact, China welcomed other claimants to assert their similar claims. A variation of this interpretation was that China made the claim only in response to other claimants. Similarly, others pointed to the fact that the fundamental difference in the past year is that the Southeast Asian countries (especially Vietnam and the Philippines) have become more assertive in their claims and are no longer willing to ignore them for the sake of smooth relations, thus leaving China no choice but to become more assertive in response.

Alternatively, one Chinese suggested that the underlying difficulty was that it represented a misunderstanding between the US and China regarding freedom of navigation in the 1982 UN Convention of the Law of the Sea. A US participant replied that it was actually a different interpretation rather than a misunderstanding. Another summarized the different interpretations thusly: when the US says freedom of navigation, China hears surveillance; when China says territorial integrity, the US hears access denial.

Plainly, there remains significant mistrust between the US and China. The sense that the US "return to the region" is being done to contain China and anticipates a growing security dilemma between the two is a common theme. Solutions offered included working together to build the regional security architecture and cooperating in the regional security initiatives (military medicine, counterterrorism, nonproliferation, maritime security, disaster response) identified in the first ASEAN Defense Ministers Meeting Plus (ADMM+). China's proposed Asia-Pacific Consultative Talks were offered

as a platform for bilateral cooperation to build/design a mutually acceptable regional security architecture.

To better understand the dynamics in the relationship, we tried to identify turning points in recent shifts in relations. Key events that contributed to the downturn at the beginning of 2010 included the obvious – US arms sales to Taiwan and the visit of the Dalai Lama to the US. A third event was Tom Donilon’s visit to Beijing in the fall of 2010 because it signaled the US interest in improving relations with China. Other participants argued that the problem was different expectations, made plain in the two recent summits. Obama’s visit to China in Nov. 2009 created excessive expectations while Hu’s visit to the US in Jan. 2011 led to more realistic expectations. Therefore the underlying problem was a failure by both sides to communicate intentions. Whatever the cause, we should learn from the turbulence in 2010 to better manage the relationship by promoting better understanding and avoiding misperceptions.

### **Cross-Strait Relations**

The moderator opened the second session by noting that 2010 had been a tumultuous year that ultimately saw a dramatic improvement in the cross-strait relationship. Nevertheless, the 2012 elections in Taiwan coupled with underlying issues that remain unresolved and increasing skepticism that the momentum can be sustained, demand careful management of the relationship.

*Xin Qiang*, professor and deputy director for the Center for American Studies at Fudan University, began his prepared remarks by noting the dramatic increase in cross-strait trade, investment, and interactions since 2009, emphasizing the benefits Taiwan has accrued through this process. The widening and deepening of institutionalization through the Economic Cooperation Framework Agreement, establishment of the Cross-Strait Economic Cooperation Committee, the opening of cross-strait tourism associations in Beijing and Taipei, the creation of six quasi-official working groups, and the opening of financial services companies by both sides have all contributed to a more stable and mutually beneficial relationship. To further consolidate these gains, China’s policy toward Taiwan is shifting from reactive to proactive with a more balanced focus on all segments of the society. Extending the benefits of cross-strait cooperation to all groups, especially small business owners and farmers, would strengthen the bond between the Mainland and Taiwan and help speed the process of unification.

Xin argued that Chinese readiness to take the initiative in improving relations would be influenced by the outcome of the 2012 Taiwan elections. To some extent, the elections will be a test of the effectiveness of current policies. While he would prefer to see Ma Ying-jeou re-elected and the Kuomintang (KMT) retain power, Xin felt that the Mainland is prepared to deal with the Democratic Progressive Party (DPP) if it becomes the majority party and remained hopeful that gains made in economic and social integration would lend support for improved cross-strait political and military relations. In this context, the prospect of US arms sales to Taiwan and the outcome of the elections

in the US would influence the behavior of the leadership in Taiwan, although Taiwan would be a minor issue in the US elections.

*Alan Romberg*, distinguished fellow at the Stimson Center, argued that the central dynamic influencing cross-strait relations is Taiwanese domestic politics. The upcoming presidential election will be extremely important and will have a critical bearing on cross-strait relations. While the Mainland is frustrated with its inability to get more out of Ma's policy of "easy first and hard later," he is seen domestically as moving too fast and being too sympathetic to Mainland interests. Attempting to force clarification over the "one-China principle" has made it an early presidential campaign issue as DPP candidate Tsai Ing-wen has said the DPP wants to set aside theoretical positions on "one-China" and continue deepening practical relations. Meanwhile, the Mainland's handling of the "international space" issue by identifying Taiwan as a province of China at the World Health Organization and other forums has not helped Ma make his case that the KMT approach benefits the people of Taiwan, especially when polls show that 70 percent do not support unification.

Despite some disagreement with KMT policies, especially on trade issues, the US remains generally supportive of Ma. This support will likely include more arms sales, even though it will be strongly criticized by the Mainland. Romberg went on to emphasize that US policy has been consistent since the 1970s by not seeking to deter or limit cross-strait relations while seeking to ensure stability and a peaceful resolution. The primary US concern in the near-term is that Taiwan politics will impose limits on the scope and the pace of progress in cross-strait relations. Therefore, the US will encourage both sides to take a broader view and counsel patience and a constructive approach to avoiding a crisis.

The subsequent discussion included different perspectives on US arms sales to Taiwan, the role of military confidence-building measures, the impact of Taiwan elections, and the importance of the one-China principle in shaping Taiwanese perceptions of the cross-strait relationship. Throughout, it was clear that there remains a great deal of suspicion on both sides regarding efforts to reduce cross-strait tensions; any mutually acceptable agreement on the meaning of the one-China principle seems unlikely in the foreseeable future.

A Chinese discussant began by questioning US commitment to cross-strait confidence building. While recognizing that the US officially encourages confidence building initiatives, some Chinese believe that the US has sought to limit the effectiveness by discouraging some types of cross-strait exchanges. Another argued that the US purpose in promoting confidence building was to create a crisis management mechanism rather than resolving the underlying tensions. US responses challenged the idea that military confidence building can lead to peaceful unification. For example, some participants in cross-strait exchanges (retired military officers were singled out in particular) are not familiar with current issues, which detracts from the utility and productivity of these efforts. It is also important to recognize that there is a long process between military confidence building and peaceful unification, especially given the

Mainland's threat of military action in response to any move toward Taiwan independence and its ongoing military modernization efforts. One suggestion is that these measures should be referred to as "crisis avoidance" rather than confidence building.

The US arms sales to Taiwan and China's unwillingness to engage in reducing its military forces (especially its missiles) that are positioned directly across the Taiwan Strait were identified as causes of the mutual suspicion about desires to reduce tensions. Chinese perceptions of US motives ranged from the need to retain strategic control in the region to political pressure from US defense manufacturers. Several US commentators cited the importance of the 1979 Taiwan Relations Act as the legal basis for its commitment to Taiwan and that arms sales were driven by requests from Taiwan, based on its perception that its security is threatened by the Mainland. As such, US arms sales are part of Taiwan's effort to establish an effective deterrent and should serve as a logical basis for the Mainland to reduce the number of missiles deployed along the coast. Furthermore, US participants reminded the group that after the Shanghai Communiqué in 1982, in the absence of US arms sales, Taiwan sought to bolster its deterrent by developing an indigenous capacity – as it is doing now in the area of missile technology. Another argument put forward to justify US arms sales to Taiwan is that they serve to sustain President Ma's confidence as he tries to improve cross-strait relations. While Chinese were generally dismissive, several US participants emphasized the importance of arms sales along with other official interactions in sustaining confidence among the Taiwanese leadership so that it can continue to move closer to China without fear of being absorbed by the Mainland.

This led to an extended discussion of the status of the one-China principle in Taiwan, especially as a political divide between the KMT and the DPP. Despite Ma's efforts to promote better relations, there has been little progress toward a common understanding of the one-China principle. What has become clear in the early campaign rhetoric is that the DPP remains unwilling to acknowledge the so-called "1992 consensus." Instead, Tsai Ing-wen has indicated that the party would rather set the whole matter aside. Some participants felt that would not be acceptable to the Mainland, with one suggesting that China would push the new administration in Taipei (whether KMT or DPP) to clarify the principle even if it meant giving up the "1992 consensus" as the common understanding. Another suggested that the only way China could increase Taiwan's "international space" would be in the context of a mutually acceptable understanding of the one-China principle. However, this approach undermines Ma's success in improving relations by taking the whole issue of sovereignty off the table.

It is anticipated that the 2012 elections in Taiwan will create new tensions in cross-strait relations. Ironically, while both the US and the Mainland would like to see Ma stay in office for another term, the things that the US can do to increase his approval ratings, such as sell advanced weapons and increase official interaction, will create further conflict in the US-China relationship. Such is the nature of the delicate balance both sides need to find.

## Korea Peninsula Issues

In session 3, our focus shifted to the Korean Peninsula. *Liu Ming*, senior fellow and deputy director for the Institute of Asia-Pacific Studies at Shanghai Academy of Social Sciences, began by noting that the flurry of recent diplomatic activity among the China, US, Russia, Japan, South Korea, and North Korea reflected growing pressure to resume the Six-Party Talks. However, prospects look grim, at least if it is done via the current agreement to do so through a three-step process that would involve talks between the DPRK and ROK followed by US-DPRK talks before resuming formal talks among the six parties. This is especially true as North Korea has said that it is willing to wait until Lee Myung-bak leaves office before re-engaging the South, with the hope that a new administration would be less hostile to the North. Given challenges associated with restarting the six-party process, North Korea has sought to improve its worsening economy by moving closer to China as demonstrated by Kim Jong Il's recent visit to China and increased economic interaction. Kim has also sought Chinese support for the transfer of political power to his son, Kim Jong Un.

The breakdown in North-South relations and the fundamentally different strategies for addressing denuclearization on the Korean Peninsula puts the US and China on opposite sides. Liu argued that part of the problem stems from the fact that the US and China are allowing the two Koreas to control the situation following the sinking of the *Cheonan* and the shelling of Yeonpyeong Island. Moreover, China's is increasingly dismissive of the US claim that Beijing can pressure Pyongyang to denuclearize. While recognizing that North Korea's actions do not conform to China's long-term interests, Beijing feels obliged to balance the pressure being applied against the North by the South and the US. This policy was attributed to both the need to maintain regime stability in the North as well as the "subtle special relationship" shared by China and North Korea.

The underlying sentiment is that China feels that North Korea has incurred sufficient punishment and that there is now a need to explore ways to prevent further crises and create an environment to encourage dialogue between the two Koreas. China believes that it has a better way to constrain North Korean behavior and needs space to achieve that goal.

*Scott Snyder*, director of the Center for U.S.-Korea Policy at the Asia Foundation, quickly summarized developments over the past year. While agreeing with most of Liu's analysis, he argued that the focus should shift from crisis management to risk reduction given the increasing likelihood of instability in the DPRK. North Korean provocations represent a deeper instability that has been triggered by the Kim regime's growing realization that its economic and political system is unsustainable; they could also reflect a disagreement among factions regarding succession. Given the hardline policies of the Lee Myung-bak administration, North Korea has few alternatives to maintaining its hardline policy toward South Korea while seeking to improve relations with China, the European Union, and the US. Meanwhile, the North Korean lesson from the "Arab Spring," especially in Libya, is that it should keep its "nuclear deterrent capability"

indefinitely to avoid a similar fate at the hands of those who seek “regime change” in the DPRK.

Meanwhile, the North’s provocations have led to a breakdown in trust and new tensions between the US and China. By exposing the clear difference in policy approaches (US sanctions leading to compliance v. Chinese incentives leading to reform), the two sides were unable to reach any agreement at the UN Security Council. Although the Hu-Obama summit helped reduce tensions, the prospect for further cooperation remains slim as the Six-Party Talks are increasingly seen by the US as a less than viable mechanism for negotiating denuclearization of the Korean Peninsula, especially in light of North Korea’s revelation of its uranium enrichment program. Since the US has no effective means to independently verify the North’s enriched uranium project, there is little incentive for it to return to talks unless the North shows a stronger commitment to denuclearization.

Meanwhile, China continues to press for a return to the Six-Party Talks as it recognizes that action must be taken to prevent North Korea from creating instability in the region, either through further provocations or its collapse. China’s unwillingness to discuss these issues has exposed significant differences between the US and China over the purpose, priority, and utility of the six-party process. The source of strategic mistrust between the US and China is to be found in differing assessments of the desired end-state for the Korean Peninsula.

Discussion probed the familiar issues of what is happening inside North Korea and the prospects for the resumption of Six-Party Talks. There were suggestions that along with the growing realization that North Korea would not eliminate its nuclear weapon programs as long as the Kim family remains in power, the US was gradually shifting its perspective to conclude that Korean unification was the best hope for denuclearization of the peninsula. If true, this will have major implications for how the US addresses this question.

The emerging view of political dynamics inside North Korea is that there is a great deal of uncertainty that can be attributed to the succession process and the economic crisis. Clearly annoyed by persistent hardline policies presented by the Lee administration, the North has made a decision to wait until after the 2012 elections in the ROK to resume serious contact with the South. This has put the North in a vulnerable position and China has felt compelled to respond in the hope that it can bring about meaningful reform. However, as one Chinese commentator suggested, there is increasingly a sense in Beijing that economic assistance can only be continued if it accompanied by meaningful action to address the fundamental problems with the current system. Apparently, it too is becoming frustrated with the Kim regime’s unwillingness to adopt economic reforms.

While no one was optimistic that the Six-Party Talks would result in denuclearization on the peninsula, several felt they had value beyond this ultimate goal. The most optimistic felt that the Six-Party Talks could be used as a risk reduction venue

to talk about other aspects of security on the peninsula and the region while slowing the North's development of additional capacity to weaponize its nuclear capability. Less optimistic participants felt that the talks could serve to control the proliferation of nuclear material and discourage the North from taking hostile actions against the South. The least hopeful, who reminded the group of the North's record of proliferation, argued that historically the North did not engage in overt military action against South while talks were underway. However, the condition that a return to North-South dialogue is a precondition to the resumption of Six-Party Talks apparently mutes any prospect for a return to the talks in the foreseeable future given the current impasse.

### **Disaster Relief and Humanitarian Assistance**

In session four focus shifted to global governance as the group examined how each country approaches humanitarian assistance and disaster relief to determine if there were opportunities for cooperation in providing public goods in the region. *John Goodman*, director of the Hawaii-based Center of Excellence (COE) for Disaster Management and Humanitarian Assistance, began with a presentation explaining the operational approach taken by the US to improve capacity in the region to respond to disasters.

As a starting point, he noted that disasters are defined as “serious disruption to the functioning of a community, causing widespread human, material and environmental losses that exceed the ability of the affected community to cope.” When considering how to improve regional response to disasters it is critical to bear in mind that the response is at the community level. Because disasters overwhelm the capacity of the community, any outside assistance must be coordinated to prevent further overwhelming local capacity to cope with the situation. Preparing for and responding to disasters requires a “whole-of-government” approach. Yet, disaster response, especially when assistance comes from outside the community, tends to be ad hoc and uncoordinated. That is why planning and rehearsals matter. In this context, the most important contribution at the regional level is standardization and a common response framework to ensure that the local community affected by a disaster can absorb the capacity provided.

In his presentation, *Yang Yi*, research fellow at the Institute for Strategic Studies of the National Defense University, highlighted the fact that a significant increase in the number of large-scale disasters in Asia over the past decade made international cooperation critical and that the major powers, especially the US (given its superior power projection capacity), should take the leading role. Significant improvements in international response efforts were attributed to more willingness on the part of affected countries to both acknowledge the magnitude of the disaster and accept assistance from other countries. National governments must take the lead in coordinating responses. Acknowledging that the military should be called on to take on dangerous and difficult tasks, Yang noted that in his experience the most useful external assistance comes from specialized teams with specific expertise and equipment.

Given geopolitical realities in Asia, building an effective regional response mechanism will take time. Nevertheless, each time a country provides assistance, relations between donor and recipient are improved. Therefore, even though it might be difficult to integrate these groups into actual response efforts, the gesture is important. Yang felt that the US and China should lead efforts to build regional capacity to better focus response efforts. With the endorsement of both governments, the two countries could improve military-to-military relations through joint exercises and seminars. This could lead to joint training and exchanges between civilian teams as well. Given the comparative advantage the US has with international response efforts and China's expertise in domestic disaster response, cooperation in disaster response is an opportunity for both sides to promote common strategic interests with no hidden agendas.

During the discussion, there was general acceptance that offers of assistance in response to large-scale disasters in the region have improved trust among countries. Most participants also agreed that countries could do a better job of coordinating relief efforts. Others went a step further to suggest that given the comparative advantages of the US and China, collaboration on disaster relief could serve as an important confidence-building measure.

The role of regional organizations in building capacity and contributing to more effective disaster response was also discussed. Despite several nascent initiatives to improve response capability among multilateral organizations in the region, it is unlikely that any organization will have an operational capability in the near future. Nevertheless, ASEAN Regional Forum efforts to standardize support requirements and conduct disaster response exercises are steps in the right direction. This is seen by some as an excellent opportunity for the US and China to show leadership in providing a public good.

### **Development Assistance: Implications for Security and Global Governance**

The moderator opened session 5, which addressed implications of the respective development assistance policies on global governance and security, by noting the significance of the fact that both countries had recently issued important policy documents that were particularly relevant to the topic. The US issued its first-ever Quadrennial Diplomacy and Development Review in September 2010 while China issued its first Foreign Aid White Paper in April 2011.

*Wang Yong*, director for the Center for International Political Economy at Peking University, asserted that the new White Paper provides an excellent baseline for focusing Chinese assistance. He highlighted eight principles (originally articulated by Zhou Enlai in 1964) that he felt still governed basic China's foreign aid policy:

- Equality and mutual benefit in providing aid to other nations.
- Never attach conditions or ask for privileges.
- Lighten the burden of recipient countries as much as possible.
- Help recipient countries gradually achieve self-reliance and independent development.



- Strive to develop aid projects that require less investment but yield quicker results.
- Provide the best-quality equipment and materials of its own manufacture.
- In providing technical assistance, ensure people of the recipient country fully master the techniques.
- Make no special demands or enjoy special amenities in the process.

Consistent with these principles, China's aid projects tend to be complete projects using quality materials that include technical assistance. It has sent medical teams abroad, provided emergency human aid, volunteer programs, and disaster relief. At end of 2009, China had helped developing countries construct 2,000 projects in industry, agriculture, culture, education, health care, power, energy, transportation in 76 countries. The primary sources of state financing for these projects include grants and interest-free loans. In addition, concessional loans are provided by the import bank of China. By the end of 2009, China had provided RMB256 billion in aid to foreign countries including RMB106 billion in grants, RMB77 billion in interest-free loans, and RMB74 billion in concession loans.

These foreign aid policies are based on China's perception of itself as a victim of Western colonialism and the underlying belief in its responsibility to seek a more equitable international system. Given the nature of China's power – which is centralized – the aid offered is largely a product of the will of the political leadership and interagency policy coordination. While there are some in China who argue that more attention must be given to promoting the economic well-being of less-developed areas of China, Wang anticipated that Chinese foreign aid policies would continue to emphasize the need to promote external economic assistance as a component of China's own economic development.

In his presentation, *James Green*, senior vice president with the Albright Stonebridge Group, noted that while US foreign aid is less than 1 percent of the federal budget, surveys show that Americans believe it is around 25 percent and that much of it is wasted. In fact, US assistance can be categorized as being offered for moral reasons, (disaster relief, hunger and disease alleviation, education, promoting civil society) and strategic reasons (stability, fight enemies, support US security policies). Since 2001, the most significant shift in US policy has been the recognition that there is a clear link between economic well-being in a community or region and the potential for instability and political fragility in a country. As a result, there is renewed interest in integrating development policies into the larger US security and diplomatic policies.

Aid is primarily delivered through bilateral channels, although the US does provide nearly 25 percent of its assistance through multilateral organizations such as the UN. Since a primary consideration for the US assistance programs is being able to evaluate its effectiveness, the Millennium Challenge Account was established in 2002 to provide objective criteria for aid distribution based on a country's own investment to improve the lives its people. The primary criteria for making these judgments focus on good governance, human rights, and economic freedom. Multilateral assistance is

primarily channeled through UN organizations such as the World Food Program and the UN Development Program. Another important component of the US evaluation criteria for determining effectiveness of its assistance program is the Organization of Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), whose mandate is to promote development cooperation and other policies to contribute to sustainable development, which includes evaluation of aid effectiveness.

Green concluded his remarks by reiterating the emerging view in the US that “failed states” are the greatest threat to the US and its allies. The most effective way to combat this threat is to provide development assistance that promotes good governance and contributes to political stability. In other words, development assistance can contribute to US foreign policy objectives and protect US citizens at home by addressing criminal, environmental, and health issues abroad. Meanwhile, the divergence between this perspective and China’s perception that access to resources is the most critical aspect of its foreign aid programs is likely to continue feeding the sense of mistrust and lack of understanding between the two countries.

To some extent, this lack of appreciation of the two perspectives was reflected in the discussion that followed the presentations. US participants pressed Chinese counterparts on the need for better evaluation criteria and accountability in their aid programs to avoid what they saw as waste and poorly managed projects as a result of what was characterized as China’s “uncritical” approach to assistance to corrupt governments. Meanwhile, Chinese participants identified what they called a weakness in the US approach to foreign assistance: cases where aid is given by one agency while another is pursuing sanctions against the same country. These apparent contradictions led one commentator to question whether there really was much opportunity for cooperation given the significantly different approaches taken to development assistance.

Another area of disagreement was the respective approaches to military assistance. Some Chinese felt that the US should not characterize military assistance to countries like Israel and Egypt as assistance, while some US participants criticized the Chinese White Paper for failing to address the issue of military assistance. Others noted that China’s military assistance policies have shifted in past years to promoting arms sales rather than providing military assistance.

Others saw the evolution of policies in a less confrontational light. Specifically, there was recognition that while the US remains skeptical about China’s approach, the publication of the White Paper is a sign of improved transparency. Others cited the growing recognition in both the US and China that there is a need to work out at least a common set of guidelines for development assistance in Africa and Latin America. Part of the difference in approach was attributed to the fact that there remains a fundamental difference in attitude regarding governance. For the US, the most pressing need is developing strong institutions to promote good governance. For China, the most pressing need is promoting economic development with the expectation that it will lead to strong institutions. Both countries have come to recognize that regardless of motivation, assistance does not “buy” friendship.

## WMD Diplomacy

In session 6, the group shifted its attention to WMD diplomacy. The moderator opened the session by stating that while both China and the US actively pursue WMD diplomacy to promote nonproliferation, policy coordination between the two has proven quite difficult. The 2010 Nuclear Security Summit hosted by President Obama in Washington has set the agenda for the next several years, but implementation has been slower than many had hoped.

In the view of *Shen Dingli*, professor and deputy director for the Center for American Studies at Fudan University, the underlying purpose of WMD diplomacy is to dissuade countries from proliferating and diverting WMD materials, which does not necessarily include counter-proliferation. He identified the current impasse over the DPRK's nuclear programs, the ambiguity surrounding Iran's nuclear programs, and escalating nuclear capabilities in South Asia as the most important issues that require immediate attention. Yet, in all three cases, nuclear diplomacy has failed to achieve desired results. The DPRK persists in its development of a nuclear weapon capability. Iran continues its nuclear energy program without full compliance with International Atomic Energy Agency (IAEA) safeguards. In South Asia, cooperation between the US and India and between China and Pakistan has led to a disregard of the established nonproliferation regime.

Despite the frustration due to the apparent lack of progress, Shen argued that nuclear diplomacy remains the best option for addressing these problems. Since there is no viable military option for dealing with the DPRK and Iran, coercive diplomacy such as limited sanctions and reduced humanitarian assistance offers the best prospect for sustained stability even though we are unable to persuade them to discontinue their nuclear programs. Bilateral cooperation at the UN Security Council is a key element in this process.

Meanwhile, there have been other examples of bilateral US-China cooperation over the past year. For example, the 2010 Nuclear Security Summit provided the opportunity for bilateral cooperation to reduce the threat of nuclear terrorism and safeguard nuclear facilities and materials. The establishment of a China-based center of excellence for nuclear security, which is an extension of nuclear diplomacy, is as an example of how the US and China are collaborating to create a regional public good in the Asia-Pacific. Other areas where bilateral cooperation could be pursued include incremental de-emphasis on nuclear weapons through the Global Zero Initiative, promoting a nuclear-weapon free zone in the Middle East as called for at the 2010 Nuclear Non-Proliferation Treaty Review Conference, and encouraging DPRK participation at the 2012 Nuclear Security Summit in Seoul to promote reconciliation between the two Koreas.

For *Chris Twomey*, assistant professor at the Naval Post Graduate School, WMD issues are not at the center of the US-China relationship, but they cast a shadow over it. As the US and Russia continue to pursue arms control measures, the size of China's

arsenal and its current modernization program will become increasingly important issues. Shifts in US declaratory policy, increased reliance on missile defense, and the development of long-range conventional capabilities are also likely to create new tensions in bilateral relations. In this context, several security dilemmas created by the US commitment to extended deterrence for its allies and China's fear of asymmetric capabilities in space and conventional weapons will serve as a basis for continued reliance on nuclear weapons and present a challenge for bilateral cooperation in promoting WMD diplomacy. Nuclear multi-polarity as demonstrated by the development of a nuclear capability in South Asia and the DPRK is likely to exacerbate these dilemmas and make it difficult to promote arms control in East Asia.

One area where bilateral cooperation between the US and China has been highlighted is in nontraditional threats and proliferation networks. However, this cooperation may be superficial since it represents relatively simple measures to promote better security for civilian nuclear power industry, but does not address defense-related issues. For example, while it is important that there has been bilateral cooperation and information sharing on sub-state proliferation networks, China has blocked UN reports that identify North Korea as key proliferator of materials and technology in the Middle East. Perhaps more positive and meaningful opportunities for increased cooperation can be found in mutual promotion of the Comprehensive Test Ban Treaty and by addressing the underlying threat perceptions and concerns about missile defense systems and conventional capabilities.

Our discussion focused on if and when Chinese should engage with the US and Russia on arms control. Several US participants expressed the view that it would be very difficult for arms control talks between the US and Russia to move forward without some Chinese commitment to the process. In response, Chinese participants saw several obstacles: some argued that since China has no deployed (i.e., mated to a missile) nuclear warheads as defined in the New START, it is unrealistic to expect China to engage until the US and Russia began addressing elimination of their entire arsenals; others suggested the US and Russia would have to reduce their stockpile below 1,000 weapons before China was likely to engage in such talks. While acknowledging these arguments, a US participant suggested that China should consider entering the process by being more transparent about the size of its arsenal and articulating its intentions given its modernization program. This would demonstrate good faith and a commitment to future involvement in the process.

The prospect for denuclearization of the Korea Peninsula and the role of the Six-Party Talks vs. the individual efforts of China and the US was also a major topic of discussion. Several US participants felt that Chinese could do more to constrain DPRK behavior. Some examples included more aggressive support for UN Security Council sanctions, participation in the Proliferation Security Initiative, and announcing specific measures it would take if the DPRK conducts another nuclear weapon or long-range missile test. Some Chinese argued that it was important to view the Six-Party Talks as offering a venue to discuss the full range of issues that creates insecurity on the Korean Peninsula, and should not exclusively focus on denuclearization. One clear conclusion is

that there remains a great deal of frustration in finding a solution and that the stalemate is likely to limit opportunities for full cooperation in addressing key issues at the 2012 Nuclear Security Summit.

## **Regional Security Architecture**

In session 7, discussion shifted to developments and challenges associated with the architecture for addressing regional security issues. There is general agreement that ASEAN remains at the center of regional multilateralism: both the US and China were comfortable with allowing ASEAN to remain the focal point for multilateral organizations in the region. However, the presentations made clear that each country has a particular point of view about how to shape the regional security architecture and believes ASEAN has limited capacity to lead the region to action. Instead, there seems to be a sense of satisfaction that the “ASEAN way” has thus far provided a means to avoid open confrontation over sensitive security issues.

*Michael Glosny*, assistant professor at the Naval Post Graduate School, began by highlighting the five principles of US engagement in Asia as highlighted by Secretary of State Clinton in 2010: the US remains committed to engage the region bilaterally through its alliance systems and extended network of security partners while recognizing the need to build strong, effective multilateral organizations to address the full range of regional security issues. The key element of US “re-engagement” with East Asia has been the perceived need to reassure the region that the US remains committed to playing an active role in promoting common security issues in the region. Therefore, the US has joined the East Asia Summit and encouraged establishment of the ASEAN Defense Ministers Meeting Plus (ADMM+). In this context, the US envisions a process whereby it builds out from its bilateral alliances and security partnerships to help solve multilateral problems.

While there are still significant questions about the evolution of multilateral organizations, the US remains comfortable with ASEAN controlling agendas and serving as the focal point for further regional integration. However, it is worth noting that there is a difference between controlling the agenda and taking a true leadership role throughout the entire region. This becomes evident when looking at the ability of ASEAN-based institutions to influence developments in Northeast Asia, where there is much less institutionalization. For now, however, the emergence of the East Asia Forum and the ADMM + appears to be a significant step in reaching consensus on who major regional security actors will be.

*Wu Xinbo*, professor and deputy director for the Center for American Studies at Fudan University, argued that the search for sustainable regional architecture in East Asia has been driven by the end of the Cold War, the shift in the regional power balance, and the emergence of new security challenges. He sees establishment of the ADMM+ as a significant development because it has given defense ministers a forum that could challenge the ARF in addressing security. Alternatively, if the ADMM+ fulfills its role as

a confidence building mechanism, it could drive the ARF to its next developmental stage and take a role in preventive diplomacy.

Wu also anticipates that the future security architecture in the East Asia region will become more multilayered as a separate architecture is developed in Northeast Asia around the Six-Party Talks framework and ASEAN continues to develop a web of relationships that include security relations through its ASEAN+X partnerships. Within Northeast Asia, key developments that will influence the direction of security architecture will be North Korea's willingness to become part of the region and the tendency of the US and its alliance partners to strengthen their Cold War security relations. While Japan-ROK security relations are mostly symbolic now, a move to strengthen the trilateral US-Japan-ROK relationship will be viewed by China as destabilizing. Since South Korea is key to the evolution of security relations on the peninsula, it is important to recognize that the issue is larger than just North Korean nuclear weapons programs.

The discussion focused on the capacity of regional organizations to solve problems to the satisfaction of all their members. Some counseled that we should not expect too much from these organizations since their primary purpose is to enhance transparency by providing open forums and facilitate the creation of norms of behavior, especially those related to peaceful resolution of conflicts. This requires more nuanced expectations of organizational effectiveness and requires a willingness to allow these organizations to work on less difficult issues while recognizing that larger states will continue to have disproportionate influence in the process. For some, multilateral organizations are of limited value when it comes to resolving difficult security issues and will always be supplemented by other security frameworks such as alliances and strategic partnerships. For others, these organizations should be as inclusive as possible since they offer a venue to discuss sensitive issues and establish norms of cooperation and peaceful resolution. From yet another perspective, the multiplicity of multilateral formations to address specific functional issues is a function of the perceived need by different groups of countries to address a common security concern and we should expect more to evolve in the future. These varying opinions were evident in the discussion regarding Northeast Asia given the general conclusion that the security architecture there is much looser there than it is in Southeast Asia.

In their respective summaries, Ralph Cossa and Wu Xinbo agreed that the entire dialogue showed that both sides have a good understanding and realistic views of where the other stands on major regional security issues. There are disagreements on key issues, but there is no hostility in the interaction. Nevertheless, issues like the South China Sea, US arms sales to Taiwan, Korea, and domestic politics could become the source of major differences.

There was also recognition that the inclusion of global governance issues in the agenda has added fresh impetus to promoting cooperation between the two countries. While acknowledging that the spirit of partnership was not fully realized in the dialogue, there is a growing recognition that the discussion should be about how – and not if – bilateral cooperation was needed. Wu added that previously the dialogue was largely

about how to manage relations, whereas in the past two years the discussion has shifted to how China can be better integrated into the international system so it can become a more responsible major power. That is why discussions on subjects such as disaster management, nuclear diplomacy, and foreign assistance should continue to be included in the dialogue. Hopefully, both sides will be able to accept and consider recommendations provided by the other to develop them into practice and sustain the dialogue in future years.





# Appendix A

## About the Author

**Carl BAKER** is the director of programs and co-editor of *Comparative Connections* at Pacific Forum CSIS. He is also an adjunct professor at Hawaii Pacific University. Previously he was on the faculty at the Asia-Pacific Center for Security Studies where he lectured and conducted seminars on a variety of security-related topics and led an advanced study course in conflict and negotiations. He has extensive experience in Korea, having served as an international political-military affairs officer for the UN Military Armistice Commission and as a political and economic intelligence analyst for US Forces, Korea. He also lived for extended periods and served in a variety of military staff assignments in Japan, the Philippines, and Guam. A graduate of the US Air War College, he also has an MA in public administration from the University of Oklahoma and a BA in anthropology from the University of Iowa.



## Appendix B

### *The 11<sup>th</sup> dialogue on* “US-China Relations, Regional Security, and Global Governance”

Pacific Forum CSIS  
Center for American Studies, Fudan University  
The Asia Foundation  
June 10-11, 2011, Hilton Hawaiian Village, Honolulu, Hawaii

#### Agenda

#### Thursday, June 9

6:30PM Opening dinner

#### Friday, June 10

9:00AM **Introduction and Opening Remarks**  
Ralph Cossa, Wu Xinbo

9:15AM **Session 1: Developments in Regional Security and Bilateral Relations**  
What are the major developments in regional security in the last year? What are the implications? How have the US-China relations evolved since last May? What is the significance of the Hu Jintao visit? Is there a new pattern of interactions between China and US on regional and global issues? How would you characterize the regional balance of power? Have perceptions of the bilateral relationship shifted? How have the results of the mid-term elections in the US influenced the relationship? What are the major factors that will influence the relationship in the coming year?

Chair: Ralph Cossa

Presenters: Tao Wenzhao  
Mike McDevitt

10:45AM Coffee Break

11:00AM **Session 2: Views of Cross-Strait Relations**

Where do cross-strait relations stand today? How do you assess the Ma Ying-jeou and the current government in Taiwan? Has implementation of the ECFA been successful? What are the next steps in promoting better economic relations? What are the obstacles to improving relations? How should the two sides address political and security issues? Can improvements in cross-strait relations be sustained if the DPP wins the 2012 presidential election? How? What is the US reaction to progress in cross-Strait relations? What should be done about arms sales to Taiwan?

Chair: Shen Dingli

Presenters: Xin Qiang  
Alan Romberg

- 12:30PM Lunch
- 1:45PM **Session 3: Korean Peninsula Issues**  
 How do the two sides view developments over the past year on the Korean Peninsula? How should we assess the recent actions by North Korea? How does the Korean Peninsula influence Sino-U.S. relations? What does Washington expect from Beijing and what does Beijing expect from Washington regarding the Korean Peninsula? Are those expectations realistic? What are prospects for resumption of the Six-Party Talks? What are the alternatives? How does the nuclear issue relate to other concerns on the peninsula? Should there be broader goals and more comprehensive approaches to the Korean Peninsula?  
 Chair: Denny Roy  
 Presenters: Liu Ming  
 Scott Snyder
- 3:15PM Coffee Break
- 3:30PM **Session 4: Disaster Relief and Humanitarian Assistance: Improving Global Governance**  
 This session will focus on opportunities for improving global governance in providing disaster relief and humanitarian assistance. What can be done to improve bilateral and regional response to disasters? Is it feasible to establish a regional response center for disaster relief and humanitarian assistance? How can bilateral cooperation contribute to better governance of humanitarian assistance to disaster victims? What multilateral institution should be used to focus organizational efforts for regional response?  
 Chair: Ralph Cossa  
 Presenters: Yang Yi  
 John Goodman
- 5:00PM Adjourn
- 6:30PM Dinner

**Saturday, June 11**

- 8:30AM **Continental Breakfast**
- 9:00AM **Session 5: Development: Implications for Security and Global Governance**  
 This session builds on last year's discussion of foreign aid policies and will focus on how economic development policies influence security considerations and global governance. What role should development projects play in foreign aid policies? What the advantages and disadvantages of promoting bilateral versus multilateral economic development projects? What is the best approach to promoting economic development? What security considerations are involved in the decisions

related to development? What role should the UN Millennium Development Goals play in development assistance decisions? What can be done to improve global governance in development programs?

Chair: Jonathan Stromseth

Presenters: Wang Yong  
James Green

10:15AM Break

10:30AM **Session 6: WMD Diplomacy: Opportunities for Cooperation**

What is WMD diplomacy? What are the most pressing WMD-related issues in the region? How can WMD diplomacy enhance the global WMD nonproliferation regime? What are the implications of establishing a nuclear security center in China? Are there opportunities for cooperation on other WMD-related issues?

Chair: Tao Wenzhao

Presenters: Shen Dingli  
Chris Twomey

12:00PM Lunch

1:30PM **Session 7: Regional Security Architecture**

This session addresses developments related to security architecture in East Asia. How significant is the establishment of the ASEAN Defense Ministers Meeting Plus 8? What are the implications for the ASEAN Regional Forum? Can or should the Six-Party Talks form the basis for permanent security architecture in Northeast Asia? What benefits, drawbacks, and limitations does establishment of a multilateral Northeast Asia security architecture present to the relationship? How does each side evaluate recent improvement in security relations between Japan and South Korea?

Chair: Yang Yi

Presenters: Wu Xinbo  
Mike Glosny

3:00PM Wrap-up  
Wu Xinbo, Ralph Cossa



**Appendix C**  
*The 11<sup>th</sup> dialogue on*  
**“US-China Relations, Regional Security, and Global Governance”**

Pacific Forum CSIS

Center for American Studies, Fudan University

The Asia Foundation

June 10-11, 2011, Hilton Hawaiian Village, Honolulu, Hawaii

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WU Xinbo (co-chair)  
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