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REGIONAL COOPERATION AND COMPETITION:
CHINA AND THE U.S. IN THE ASIA PACIFIC

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P R O C E E D I N G S

MR. LI: Please be seated. We will start very soon. Good morning. Welcome to this meeting. My name is Cheng Li; I'm a Senior Fellow and Director of the John L. Thornton China Center here at Brookings.

I saw some of you were here in our Panel Discussion yesterday. We had a very nice discussion about a North Korean nuclear test. And we provided three perspectives; a Chinese perspective, Japanese perspective and also a South Korean perspective. But actually the China Center - Jonathan Pollack -our colleague presented the Chinese perspective, but in the real sense we really wanted to have a true Chinese perspective, so no think tank is better suited than the delegation by Ambassador Su Ge, which is CIIS, China Institute of International Studies.

And by the way, that think tank just recently scored so well, and actually, it had always scored well in the UPenn, Think Tank Ranking, and this time it got the number two spot in all the Chinese

think tanks, based on one criterion, and congratulations, that's wonderful news that certainly that your think tank, affiliated with China's Ministry of Foreign Affairs, play a very, very important role to interpret China's foreign policies, and so we are so thrilled to have you. And also have Dr. Teng.

And or some of you, you may remember that last September, prior to President Xi Jinping's visit we also, so privileged to have both of them to speak, and to share their views about President Xi Jinping's visit, and that visit turned out to be very successful; and start from Seattle, then Washington and then New York.

Now their visit here today, also occur in a very interesting time, on the one hand we will see that some senior Chinese leaders are coming to town in the next few weeks, and especially in spring, and with the possibility that President Xi Jinping, although it's not announced yet, may come to the Nuclear Security Summit, which is starting March 31st and April 1st.

SPEAKER: Right.

MR. LI: And also that their visit today, also occur at a very interesting time in U.S.-China relations; if you look at the news, on one hand there is a serious concern about the tension in South China Sea, and also in matter of few weeks, that United States will host in California and abroad, Sunnylands, for the ASEAN Country Summit.

At the same time that North Korea nuclear crisis really caused a lot of concern in the security of the Korean Peninsula, at the same time that we are expecting that important summit. And finally that Xi Jinping, President Xi Jinping recently just launched the very bold, far-reaching military reform, and to certain extent really achieve a lot with the major change of military structure, and military personnel, and certainly that aim to make the Chinese military, you know, truly modernized.

At the same time that we just heard our DoD Secretary, just yesterday, made a very strong statement, talk about the security challenge for the

United States, especially talk about the current fight and the future fight, when he refer to the future fight, particularly single out Russia and China.

Now I think that this will lead to some important debate in terms of how United States pursues security and order in a very complicated international environment. So actually I wanted to hear President Su Ge, to comment on that statement, if I may. And as we know that also Dr. Teng, start his career in the military, and he is really a leading expert on China's military to military relations with United States, and really play a very, very important role to link the military with the Foreign Ministry in that regard.

So the title of this panel discussion is Regional Cooperation and Competition, so certainly we wanted you -- this is the title you choose, so we wanted you to interpret what that means by competition and cooperation in the Asia-Pacific. So these are the things that I wanted you to publish here with us in your remark, directly or indirectly.

Now let me -- before I turn to Ambassador Su

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Ge, and also my distinguished colleagues, Ken Lieberthal and Jonathan Pollack, you probably are very familiar with that work. I want to say a few words about the logistic about this discussion. We first will have Ambassador Su Ge to give like 6 to 8 minutes in the overview, and hopefully that we also come with the other two questions I mentioned.

MR. SU GE: Yes.

MR. LI: And then I ask Dr. Teng to give 2 or 3 minutes additional remarks for your colleague, President Su Ge. Then I will turn to my colleague, Ken and Jonathan, each of them will give like a 3 or 5-minute comments or questions, to the discussion. Then we will have open floor for this group. It's really wonderful to have a lot of distinguished scholars, and former U.S. Ambassadors, like Ambassador Julia Bloch, Ambassador Roy. Did I miss any other ambassadors?

And really, so nice to have you; we also have really, really seasoned journalists or scholars, opinion leaders in Washington that I hope they will

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have a chance to ask a question.

MR. NELSON: (Inaudible) know that.

MR. LI: (Laughter) This is the famous Nelson now, Nelson Report.

MR. SU GE: They all know their way.

MR. LI: Yeah, yeah. And James is really, not only a journalist stationed in China, we are presently in Los Angeles Times, right, The Times?

MR. MANN: A while ago.

MR. LI: Yeah. But also, he currently teaches at the Johns Hopkins University, and one of the leading thinkers in American strategy on China. But also we are particularly happy that, of course, there are several other people also for Financial Times and et cetera. So, good to see you. But also, there are a lot of Chinese journalists, they are eager to hear you thoughts at this critical moment.

It sounds like always critical if you look at the past few years and so, you know, but how to make sure that the relationship move in the right direction, avoid misunderstanding. Certainly we

should be very careful for both countries, whether it's our interest to engage another arms race in that region.

And so this is a legitimate issue, especially time of U.S. election but, you know, sadly that very few candidates really wanted to have a budget cut, but rather, or think that we should enhance American military spending in that regard, that I think my colleague, Ken, is really think very hard about all these issues. So now, I turn to Ambassador Su Ge, to share with us your thoughts.

MR. SU GE: Thank you very much, Director, Mr. Cheng Li. And thank you for giving such short notice, because at first our group, we thought they would be thinking of coming here, to the U.S., following the spring festivals. But the Chinese Foreign Ministry says that, you'll go out, because before the spring festival season start, because this year it looks like Chinese diplomacy will continue with the designed path, however, it looks like we are going to have more challenges, and the United States

relations is of such importance that the first delegation of its kind, sent out by the department of American and Oceanian Affairs, is here.

So, three people, me, Teng, and the very young guy over there, and from our Institute. The fourth, but not the least important, is this young man, and whose addition, is sent by the Foreign Ministry to join us, literally, made our team from Track 2 into Track 1.5. Here, our team, when we go back, we'll sum up our findings into one or two documentations, for our leaders to look at because quite a few important activities are going to take place.

Well, when we see U.S.-China relations, according to the Chinese way of thinking, we generally start from the -- we start from the general, and then we come to the specifics. U.S.-China relations seem to us, is proceeding against very interesting tremendous changes on the international scale. If we could summarize the three most important elements, that would be the changing of the so-called

international patterns, and there has been emphasis on the global orders and the ways of global governance.

And also the global economy is experiencing ups and downs, exerting pressures for a number of countries, and regions. In this background it seems that the relationship is between -- among major countries, great powers are increasing there is a mixture of both cooperation and competition. China's role in international affairs is increasing. When we look at 2015 for this audience, I have to start with our President Xi Jinping's visit, because with regards to U.S.-China relations, in our assessment, that would certainly come out as the number one issue.

Because when Xi Jinping was Vice President, he came out with a notion that he wants to, together with his counterparts with the U.S. friends, would push U.S.-China relations in the healthy way, in a safe, stable, manner. And he came out with a notion, that is to build up this relationship of new type of relationship between two major countries. That being said, it seems to us that the frequency of the

wording, will occur on the other side of the pacific.

In the Chinese mass media, whenever you talk about U.S.-China relationship, that word is a must. Well, that's not very often heard, not on this side. One thought is that, some American friends told us frankly that you don't want to embrace like a description like that. My thought, very frankly, is that when you decide to, if there is a need for you to throw away the basin of water, make sure that there is still a baby in it, because it's not a label that we have to force, you know, on the U.S.-China relations, because this seems to us they are very basic elements.

For instance, non-confrontation, and mutual respect, and win-win, it seems to us it's not really a choice for anybody not to do this, otherwise, are we going to follow a confrontational path? Are we not going to respect each other? We don't want to have a win-win situation? And I think the Presidents, Xi Jinping and Obama, when they talk to each other, even borrow the line from scholars.

They said, to start with, there has not been

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the Thucydides Trap, but if we are not careful enough, we might fall into that historical trap, and Obama, President Obama said that; no, we don't want to fall into that trap in the U.S.-China relations, we need to move into the right direction. So I thought that no matter whether we recognize, we use that term or not, it's for the connotation of the new type of relationship, we can discuss. However, the relationship is of such importance that we need to put our thoughts together and brainstorm on the connotation of what type of relationship would actually -- will it mean.

But one thought that comes to mind is that the United States and China, being the two most important of the important countries, we, too, we cannot solve all the world's problems, but for many, if not all of the world's important problems, issues, if U.S., China, do not cooperate, it's hard to expect a solution of the major issues.

Well, U.S.-China relations at this historical juncture, we have very important -- we have

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made very important headway and we are facing with great opportunities to come, although this is very, well, I guess use this one sentence to describe about the progress and about the positive aspects, but this is important description of the general situation.

But we do have some bilateral problems and our relationship is affected by some third party factors. Well, when we look at the U.S.-China relations, per se, it looks like the United States is proceeding with this, a rebalancing, and then to proceed with this TPP, and they are trying to change the WTO rules. And in the South China Sea it seems that the United States used to be on the -- to be behind the scenes, now it comes out more and more to the forefront. And most recently you hear that with the Korean issue, the U.S. high officials have come out and made a few remarks that cause the Chinese think tanks to watch very closely. And some of them even were compelled to burn midnight oils.

And with regards to the New Year, it's your election year, we have a sense of relief that China is

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not the center of your domestic debate. If anything we have top -- We have journalists here, I don't want to offend you, but anything that goes to the front page of the Chinese newspapers about the U.S.-China relations, that's generally a very good President, that Xi Jinping, and with (inaudible) Kerry, and then we have this tremendous progress made in our economic corporations, BIT is well underway, and so on and so forth.

But anything that goes to the front page of American newspapers, we just say, okay, try it with -- we try to play a low profile, so that things will not be played up into the front page. Well very briefly about the three questions that seem to be looming larger and larger, and of course later, my colleague, Teng, is going to add a few important remarks.

But very quickly with the Korean question, China and the United States, in our opinion, we have very important convergence of national interests in the issue. To start with, this so close to our threshold, our front gate, the nuclear test was

conducted, only 100 kilometers from our borders.

Some schools, the classrooms were shaken, the cracks had been discerned, discovered, and you can, literally see cracks on the playing ground. But it's not that as some people to say that, China is not active, it's not that. Our policy is three-pronged. Number one, very resolutely, we already announced that we are resolutely opposed to this action, and our policies are three-pronged.

Number one, denuclearization of the Korean Peninsula, period. Secondly, peace and stability in the region. Third, we try to reach that end through peaceful means, negotiations, no matter how tough they are. China agrees, and consults with the United States and other members of the Security Council for a new resolution, tougher. However, we pointed out that this new resolution is not to stimulate or to worsen the situation. It's not to make callous, but to have tough sanctions while leaving a little window somewhere, so that the North Koreans won't be dragged into the negotiation table. My colleague later, Teng,

is going to add his --

South China Sea, it shouldn't have been a problem between the United States and China. Just one word about the history of it; that the Chinese Nationalists in the 1940s, by siding with the American Land and Lease Act, they borrowed American ships, they borrowed eight of them, and used some of them in reclaiming these islands from the Japanese following the Second World War.

The reason why the island is called the Taiping, because the American ships the Chinese National Government borrowed was named the Taiping. Well, China, in our opinion, saved -- free navigation, flyover has never been in question. Then with regards to the Taiwan issue, we hope that no matter what election, the election has taken place, no matter situation has taken place in Taiwan, it has not changed the fact that there is only one China.

And 1990, 1992, both sides, given the then political circumstances, they reached a consensus, saying that both sides would recognize that there is -

- verbally, there is one China, neither side is going to touch on the political connotation. We hope that will be honored, and that the U.S.-China relations is one of the most complicated important relationships in the world, and China gives priority to the relationship with the United States.

And in our opinion, our common ground and shared interest are far wider than our differences. We are ready to enhance strategic trust with the United States, and talk to the United States and remain -- Or that China opens all levels to make sure that our strategic differences are talked about and got across with each other, and we set up a mechanism to prevent any strategic miscalculations.

To proceed future U.S.-China relations, six thoughts; one is that, with regard to the downward movement of a global world economy the two largest economy in the world, this is an area we can and we should cooperate. The second is that it will deepen our mutual, practical cooperation, and including cooperation in the economic and bilateral, and the two

armies, legal enforcement, energy, the environmental protection, and infrastructure, and so on.

And thirdly, you enhance people-to-people contact, and fourth mutual respect -- and observe and respect each other's major concerns and core interests. Fifth, enhance our cooperation in the Asia-Pacific region, definitely the Korean issue around this issue, the United States and China, we need to cooperate. And thirdly -- The sixth, the last one, not least, is that the United States and China, we have better, more cooperation in face of global challenges, including climate change, antiterrorism, and disease relief, and international stability, and regional stability. And with that, thank you very much for your attentiveness.

MR. LI: Well, Ambassador Su Ge, you are really, not only former Ambassador, but also still a diplomat. You did not answer -- Actually for their bios you can see the page for both Dr. Teng, and Ambassador Su Ge. I would like you to direct a comment on DoD Secretary, Carter's recent statement if

you may.

MR. SU GE: Okay.

MR. LI: Secondly, that you really lay out China's perspective so nicely in so many areas. Now talking about competition and cooperation, we see the need for cooperation in Peninsula, particularly, vis-à-vis China and the United States, and which to deal with North Korea's nuclear test. But I want to ask you, in this area is there any serious, competition between China and the United States on the Korean nuclear test issues? So these are the two questions. And before that -- Then we will move to Dr. Teng.

MR. SU GE: Okay. Actually, in my remarks just now, I already answered these indirectly.

MR. LI: Yes.

MR. SU GE: Well, I would say that in each and every country we have all your -- the people serving in definite capacities. Military personnel, their job is to find threats of the country, because your job is to enhance the defense of your homeland. You are there to find the threats, but what about the

diplomats? The diplomat is -- Well, for some people will say, diplomats, you just raise the glasses and say, ganbei, to each other.

Actually what is diplomacy? According to my Brigham Young University professors, and later Harvard, and they said, oh, diplomacy is an art to seek compromise. So, I won't go into details and make comments about whether this is right or wrong, I will only say that the United States and China relations, what you want to see the specifics, we need also to see the bigger picture.

I just now, already said, the areas we can cooperate a far weightier than the areas we can have differences. Like the last I remember where we visited the prestigious Brookings, and shortly before President Xi Jinping's visit, cyberspace was a very hot issue, and now, through efforts of both sides, the issue has been turned into an area, it's a bright spot, we cooperated.

Now the China, South China Sea, Korea issue, I think that when you look at the bottom line we can

find, I hope that in this area we can find that it's more than just an area in which we compete with each other, but safety of the sea, environmental protection, in the future, there are lots of things to talk about. You send your battleship there, and into twelfth nautical miles, and our soldiers also did their job professionally.

But my response here is that in the future, now we have the hot lines, what about you pick up the phone and you have a dialogue. Otherwise, if you lead the relationship to the decision of those youngsters with -- Now in the frontlines, I think that we have lots of areas. We need to set up mechanisms to control the situation, so that as the Chinese idiom goes, "When you clean your guns, make sure, be cautious, so that your guns will not go off." Thank you.

MR. JIANQUN: Thank you very much, Director Li Cheng, it's really a good privilege to be here to see so many good friends, and this is my third informal visit. And the first visit I still remember,

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two years ago, we sponsored a delegation with Yao Ming, you know, it's actually, young leadership program. That was a very successful council meeting, and so I think each when we are here, we are at home, is really a good place to have exchanges with distinguished experts, correspondent.

In terms of the topic today, I would like to mention two things. First, I think the -- my observation is that the cooperation and the competition in Asia-Pacific Region, between China and the United States has been intensified. The dispute or the standoff in South China Sea actually (a) it's a competition of two maritime powers. Second, I think I'm quite optimistic about the future of the relationship between the two countries there are some changes in the policies, in most countries.

For example, in China, to my understanding, this time the Chinese diplomats are very confident, very pragmatic, and very capable in dealing with challenges. In terms of security, I think the cooperation, for example, for the agreement, of MOU

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between the two militaries, in recent -- I believe two years, I'm sure played a very important role in maintaining the peace and the stability between the two countries, and maintain a healthy development in the MIL to MIL exchanges.

Director Li Cheng just mentioned the speech delivered by Secretary of Defense; I think this is really a new change, to my understanding from the United States, actually from last year, from your National military strategy report in NSS, the National Security Report, the relevant departments or organ of the government said, "The military of the United States has already been prepared for large-scale war with the large countries."

So, this time Ashton Carter mentioned five - - you know, four countries and one non-state actor, the four countries includes China, Russia, Iran and DPRK, and the non-state actor is IS. So I think we are in transition from the old days to the new days. I'm quite optimistic about the future of the two countries' relationship, because we are actually new,

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international community, with new features; for example, the multi part addition of international politics, the globalization of our economy, world economy, and also the formalization of our social life.

So this is a new stage for our development, both in the United States and China. We cannot do a thing only for the sake of individual country, it's accomplished as our President, you know, suggesting several times, we should have a cooperative, sustainable concept in dealing with the challenges, including the DPRK nuclear issue. Thank you.

MR. LI: Thanks. Now we turn to two of my colleagues. I'll start with Ken, and then Jonathan then after that probably if you have a directed question you will answer then. Then we, around 12:00 o'clock, we would just pick up a sandwich, then we'll continue for the press, the dialogue. How about that?

SPEAKER: Yes.

MR. LI: Yes?

SPEAKER: Yes.

MR. LI: Okay, Ken?

MR. LIEBERTHAL: Thank you. Given that we only have 20 minutes before we take our break. Let me just make two or three broad comments. One, I think that, broadly speaking, both the U.S. and Chinese sides do agree that we should cooperate where we can, seek to manage differences to keep them from dominating the relationship, and we agree that on issues around the world, the issue has become more manageable where we can work in parallel fashion, and less-manageable, and more dangerous where we cannot.

I think that manifests itself reasonably successfully, in our bilateral relationship and on global issues, which is to say on global issues, some of the big issues with China now prepared to take a more active role, actually we are moving forward in serious ways. And on bilateral issues, also, it's strictly bilateral issues, I think, as Mr. Teng's comments just indicated, we have a military dialogue, for example, that is much better than we've ever had before. And so I think that that relationship is

working reasonably well. The huge exception is Asian Regional issues. And there, I frankly, I'll make a broad comment, and then we can explore it, if you want, in Q&A.

I cannot think of an Asian Regional issue, where our relationship is improving rather than it becoming more difficult. So, where we have cooperation globally and bilaterally, where the rubber hits the road, if you will, is in the Asian Regional, and I think there, problems are growing and they are getting more serious. And so I hope that in our discussion, we can get down more to specifics and beyond the kind of broad statements of principle, because these issues are really moving to the fore. Let me stop there.

MR. LI: Thank you, Ken.

MR. POLLACK: Thank you, Cheng, and thanks to my Chinese colleagues who are here today, and to Ken as well. I don't want to take much time, because time is short, and I'd much rather have a conversation than to hold forth at length.

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Let me reiterate something that Ken just said about the region. If you look in a broad sense, if you look at developments in East Asia, and compare it to other regions of strategic significance in the world. Whatever our concerns in Asia and the Pacific, compared to, for example, Southwest Asia, the Greater Middle East, Central Europe; East Asia ironically looks much more collaborative or at least, if not stable at least not where, to be frank, where people are dying. That's the good news.

The bad news is, is that there are trends that are emergent, and I would have to say in both of our systems, that could predict to a much less certain future. So, Ambassador Su Ge has appropriately highlighted questions of international order, I agree with him. This is something in which either we will find a way to proceed, by we, I mean both the United States and China; as well as other actors. Or if we do not, we will have to accept the consequences of a much more disordered world with all the risks that that entails.

The other point I just wanted to note, is that it is the emergent role of our respective national security bureaucracies. In an ironic way they find themselves joined in the issues with which they grapple, particularly as China emerges as a much more consequential military power at the same time that the United States ponders, what does it do over the longer run? We've noted Secretary Carter's speech, to be frank with you, it was not his best effort in my own personal opinion.

It was really done more to identify ways in which the United States will continue to exercise a major role as a global power, that's fine. But it was really to test market ideas about how you justify major military expenditures that will be undertaken in future years. The contrast, I might note, very sharp compared to what Former Defense Secretary, Robert Gates, used to describe, as future war-itis. It's a certain kind of malady that national security bureaucracies often suffer under.

So, I hope we might have a discussion about

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that. I think also -- and this will be my last comment -- Broadly, we can agree, it would be a better world if we didn't have to struggle with questions related to North Korea and other contentious issues. But the issue is not whether we are in broad agreement on this on this. The question is, what do you do? What do we do if we do not meaningfully address these questions, if we do not some kind common ground?

And frankly, I'm not sure that we are as closely aligned there as we should be. So, let me just end at point and seek your reaction.

MR. LI: Well thank you both, Jonathan and Ken. And Ambassador, do you want to comment on their comments?

MR. SU GE: Okay. Very briefly, a short -- following up comments on three things: one is on area of international importance as our American colleagues have justly mentioned. I would say that U.S.-China, both cooperated well, that has been the highlight in our relations, that is we cooperated in the Middle East. Iranian nuclear issue is a good case in point.

In fact, right after this I'm going to make another trip to Israel, they are not very happy about that. However, I think that it's not really a perfect deal, however what in the world is perfect.

Husband and wife you have problems, Russians have idiom, even brothers, you do not share the same toothbrush, that was something all sides can accept. For lawyers, your principle is what? Acceptance is the principle. Okay, and would like to also cooperate in climate change, top leaders talked with each other about climate change. And I say, O gee, the world has really changed. When Nixon, Kissinger came to China, they were once -- never there was a single moment that they talked about climate change.

Now second, Korean issue; Six Party Talks are not obsolete. President -- Minister Wang Yi told me personally, when Chinese negotiators, you know, full front, they didn't have talking points, they followed. Their experience told them what to do, I mean, those guys who participated in the Six Party Talks about the nuclear issues in Korea, and that

served as a guideline and provided important reference points, so that they finally reached an agreement about the nuclear deal in Iran.

China is not ready because we are also a democracy. Even think tank is one, when we talk with each other you can see the Colonel, his remarks are not the -- nothing needs to be in the same fashion with what I do. When we have interdepartmental, in the foreign ministry, or when we participate in our dialogues with other institutions.

I'll just give you an example. The intensive discussions going on, at this very moment, between our representatives, in the United Nations, our level, and a very top-level from this date, today, tomorrow, maybe you are here, you know, some very top-level, hot, redline telephone conversation. Some people say, hey, North Korea is no longer our asset; but other people say, some people say, oh, we'll go along with the United States, and stop the supply of oil and grain. But another counterpart from another influential department you could not say that. What

they say it's just rubbish.

Well, look at, if you stop oil the North Koreans they are rich in coal, they are going to use that as a substitute for warming up their rooms, they are not going to stop simply because of that, stop the nuclear program. Koreans -- North Koreans are known for their army first policy. If you stop grains you'll think their crack army they are going to suffer? It's the Korean women and the children, their ration of food is going to decrease.

These are some of the arguments presented in the discussions I participate in, even in the last time when Wang Yi told us to hold the anniversary, like a conference of the September 19th, the Six Party Talks tenth anniversary, I participated in the discussions. Some people say, hey, North Koreans they have their number one security concerns, insecurity. Hatred from outside target them on the anniversary, if that's not solved, if you only stop, like you use economic sanctions, maybe that's not all that easy to reach that end.

Finally, I don't think that China wants to challenge American core interests, like AIIB, it's provide an addition to the existing international order. I was invited to participate, to the inauguration. I heard what President Xi Jinping had to say. He said that this is not going to get rid of existing international financial orders, AIIB is going to run in close cooperation with The World Bank and with the Bank of Asia.

And he says that, for instance, when I talk with our Japanese colleagues second track mission, and I said, what part your interest in joining this, their answer is that, who wants to be the second violinist in the orchestra. We consulted with some of our American colleagues, that is U.S. Government interested in participating in this Belt One Road, or AIIB.

The problem now, because we told them that we have this Chinese Initiative with the Yonkers plan; European high-tech with Chinese production capabilities, these two join hands with we embark upon

in the Westward Movement, but U.S. Government did not give us a formal answer. But in the future there is still a possibility for big U.S. companies to participate.

One example is that when we build jointly, built the airfield, U.S. companies are welcome to provide with air control facilities. If you want to participate, fine, jump on board, otherwise we will reach, we'll consult with the European companies, so this is going to be a win-win possibility.

MR. LI: Great. Ken, do you want to --
Yeah, you can just --

MR. LIEBERTHAL: I do think the time is too short, let's go and (crosstalk).

MR. LI: Okay. So, let's probably take --
Yes, we'll probably get food, and then we come back to have a dialogue. How about that?

MR. LIEBERTHAL: Okay.

MR. LI: Yeah. Okay, please. Just quickly to get the sandwich, then in five minutes we'll come back to talking. (Lunch break)

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MR. LI: We probably will start the second session very soon. We will immediately ask the press, then all other people in the room to ask question.

MR. LIEBERTHAL: Eating a sandwich while answering questions on TV is (crosstalk).

MR. LI: Please be reminded we are also on TV. Right?

MR. LIEBERTHAL: Before we get started on the formal substance, I do want to note, since there is Chinese press in the room, and Chinese cameras in the room, that this lunch that we are having meets all of the anticorruption criteria.

SPEAKER: (In foreign language).

MR. LI: Okay. Good. Now, let's start, so please identify yourself, and also limit your question for two, but one would be great, and also make sure that your question is short. I hope that we should have a short answer as well; so they can have more questions. I'll start with Nelson.

MR. NELSON: I'm Chris Nelson; I do a daily report on U.S.-Asia policy, what's going on for our

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Chinese friends. A quick point about how journalists are trained, as the journalists I suspect will remember. I started in 1967 with AP in New York. The first day the boss calls me in and he says, "Listen kid, airplane landing safely is not news." Then a couple days later he said, "You know, the day you go cover a fire, and you don't think it's exciting, that's the day to quit."

I think that's where American journalists or Western journalists are coming from. You know, and I mention that because you said, your front page of the China Daily is going to be the genius of Xi Jinping. Well, he may be a genius but that's not going to be the front page of the American paper ever, and it's a cultural thing. But I will ask you, you know, who serves their readers better about what's really going on?

Anyway, my question, North Korea, you discussed it, but I found it disturbing because you talk about China's deep concern for the people, the starving people of North Korea, which is fine, but

what that sounds to us like is, you are never are going to do a damn thing that actually works, because you might hurt somebody up there.

What I was hoping to hear from you, and I think what we are desperate to hear from our Chinese friends is, what is China's discussion about the strategic impact of what North Korea is doing on China's strategic interests? Why is it in China's strategic interest to have South Korea now talking about going nuclear, and have some Japanese going nuclear? Why is that in your interest? What would North Korea have to do before China says, you are acting against our core strategic interest therefore we will do something serious? Now that's the discussion we need to hear here, because otherwise we just don't think you are serious.

MR. SU GE: Okay. Thank you for your very thoughtful question. Actually, just now I mentioned the food for mothers and children, that was just an example showing you that Chinese participants in discussions of foreign policy are now varied. They

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are from different -- They are with different backgrounds, and from different institutions. These are not necessarily my views but some of the views I overheard. Actually the discussions between the United States and China, they are very intense and they cover all areas.

For instance, I think that our, the agreement, the areas we agree, are far greater than the areas we disagree. Of course there are some concerns from China, they are pure economical. For instance the stop of all import of ores, mineral ores from the North, or how it can enforce effective control of borderline like -- Well, I wouldn't call this, say, the free market or the smuggling, but anyway just local, just a personal, individual, like economic activities.

They are just totally out of government control. You know, they do business across the borderline, sometimes for goods. Or there have been talks of the so-called smart sanctions; I think that makes good sense. You determine certain figures and

they have banking systems through -- they have channels through certain banks in the world, and there have been suggestions to target those guys instead of just targeting ordinary citizens. All the discussions are far more intensified and in-depth.

Finally, as I said, diplomacy is an art, through which you find a compromise, something everybody can accept. United States and China, we, on this issue, I do feel that it's a crisis, but the Chinese word for crisis consist of two words. One is crisis, the other opportunity. So, we already did -- I mean, we turned the crisis into an opportunity in the cyberspace.

North Korea, of course we have far more importance, it's so close to ours, of course you mentioned Japan. Well, we just hope that everybody will be down to earth on this, and sometimes their voices are fairly loud, because that would give them a good rationale for enhancing military capabilities. Of course some people in the U.S., you have the military industrial complex with the danger in a

certain area. The Congress it will be easier to pass certain acts right.

Well, there have been discussions, I'll be very frank with you, since this is in terms of the discussion, well there are some people that are talking about the B52s. North Koreans, if B52s are stationed at Guam, you don't have to station in South Korea to present a menace to the North Koreans. And the Fed, you are not going to make the North Korea nervous, but certain sectors in China, in Russia, they are going to say, hey, the Fed, are you going to target against us or not. So it's a very complicated picture.

What I'm saying is that job number one is to make the Koreans to come to the negotiation table, to lessen the counter threat, because the United States Homeland Security is now in question. China is in front of our doorstep, the reason why we don't want chaos, wars there, because if that happens, who dares to invest more in the war zone? You destroy I mean our opportunities for economic construction for that

region. So we want peace, we want stability.

MR. LI: Okay. Mr. Chen.

MR. CHEN: Chen, from China Daily. Yeah, you know, as Chris said, I mean today's China Daily lead story actually is not about Xi Jinping, but that General Motors have a record first quarter, and largely because of China market. So it's a win-win obviously. You know, my question is also related, I have one actually. Is, actually, the more general, like, is the U.S. actually winning a propaganda war against China, because my argument would be, you know, the U.S. made a chaos, a mess in the Middle East, and China may, you know, have some disputes with the neighbors.

But the U.S. media, I mean, you've already talked about Ash Carter, referring to China as a future, I mean, sort of enemies. I mean, we heard this adversity, potential adversity all the time. I mean China being portrayed as sort of destabilizing factor, sort of not good for global rules, and aggressive. So, are we losing in this regard, I mean,

despite the fact the U.S. has been in constant wars actually.

If I may ask another one, a second one is, what's your wisdom, I mean, both Brookings scholars, and China scholars, for the South China issue? I mean what's your wisdom for the way out? Thank you.

SPEAKER: What is South China issue?

MR. LI: Yeah, we ask.

MR. CHEN: For South China Sea I mean.

MR. SU GE: Oh, South China Sea.

MR. CHEN: Yeah, what progress -- I mean wisdom we could have.

MR. LI: Maybe start with the Ambassador, or start with our American colleague?

MR. SU GE: To start, as for the self-fulfillment projection, I don't want to use this platform just to say, I pinpoint somebody's remarks, and pinpoint to somebody say that's wrong, and we have a head-on clash. And the media will say, hey, the U.S. talk with the army and they represent the General, and the Chinese diplomats, they ride into

this verbal fight.

I will say that when I was a graduate student, I learned from my teachers at graduate schools, in international relations, that the international relations don't easily target to somebody as your enemy. If you make somebody, target somebody as your enemy, probably there's an opportunity, a possibility that he'll become your enemy. With China we don't want to be your enemy. I will say that China, when you look at, some people may say, you are assertive, but in most recent years, but China's actions, when you look at some of these actions, they are reactive.

With regards to the South China Sea, I think basically, the United States and China; we have also shared national interest. For instance, you want freedom of the seas, passage. I don't think we challenge that. It's just that sometimes these things are handled in a certain way and we do not have the direct contact with each other first, but through the mass media.

The U.S. reconnaissance plane, you come to the area, you call it disputed area. Now how come that you have a group of journalists, including CNN on board, making this a -- I wouldn't say public relations act, I wouldn't call it propaganda. And then even our Ambassador, and the Foreign Ministry, we have to watch CNN just to see what's going on there. Suddenly an airplane, B52 came, and they said, hey, B52 came.

Then the answer, then you propel the Foreign Ministry spokesman to provide and answer to the curious Chinese audience why, then the answer given is that it's lost its way. We hope that in the future things that are like this, well, our army men were there, they have to say, hey, don't come, and they did it professionally. If you say that you also did it professionally, we hope that in the future, again, let's try to have mechanisms. Whenever they meet in midair, in the seas, they do it in a fashion so that their guns while being cleaned, won't go off.

MR. LI: We go to Ken, wisdom?

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MR. LIEBERTHAL: Wisdom, yes.

MR. LI: I've got it.

MR. LIEBERTHAL: Wisdom, that's for Jonathan. I do commentary, he does -- Two points, one on your comment about self-fulfilling prophecy, and be careful about portraying the other as an enemy. I had been concerned for years now, that the dominant perception in China has been that the U.S. is engaged in a wide-ranging, sophisticated conspiracy to contain China. To slow down, complicate, and potentially disrupt China's rise.

And I've had Chinese interlocutors at all levels explain to me their interpretation of what we are doing in that conspiracy. Much of which frankly, I have found to be wildly divergent from the internal discussion of those policies in the U.S., by the people who make the policies. And why I have occasionally reported back on what I've heard in China, as to the interpretation of those policies, people around the room have said, you've got to be kidding; no one could think we are doing it for that

reason.

So I think, you know, there is -- it's one thing to say, well, in the U.S., the front page will have critical comments about China, but President Xi will say the U.S.-China relationship is the most important in the world, and the official media portray things in a more positive light. There has not been a concerted effort to question the narrative that the U.S. is engaged in a wide-ranging conspiracy to constrain China's rise.

And we, in fact, have for a very long time, engaged in a lot of activities that I think have had the opposite objective. My concern is that now, and especially because of events, their Asian regional events, increasingly, each of us, really does not trust the other side's long-term intentions. It doesn't mean that we don't see the value of cooperating, it doesn't mean we don't have confidence in the capacity to cooperate on specific issues, you know, in specific ways. But I think the narrative about long-term intentions, and especially in Asia, is

one that has become increasingly conflictual, and distrustful, and that I regard as a very, very serious matter.

On the South China Sea, you know, I've been critical of some aspects of U.S. policy, especially rhetorically, where I think we have made it -- we've made a muddle of what our -- how we characterize what China is doing, how we characterize what we are doing, and you see different formulations from different official spokespeople.

And a few of us were at an event last week, as I recall, where our PACOM Commander talked about, among other things, his conversations in Beijing with China's military leaders, and where he reported to this public audience that when he was told by Chinese that they have sovereignty over the islands in the South China Sea, his response was, "No. You don't. We disagree that you have sovereignty over those islands."

Well unofficial position has consistently been, we have no position on sovereignty, so we aren't

going to say any side does or does not have it, so it's a change in policy, that's not a change that I think the White House agrees with. So you can -- You know, it's that kind of sloppiness that frankly gives me heartburn, but there is a problem on the Chinese side to, and the problem on the Chinese side, setting aside capabilities and how they are used, to me a fundamental problem, is an utter unwillingness on China's side, to clarify what the 9-Dash Line means in reality.

And when we have raised that and asked or clarification the answer is, you are just trying to increase tensions. But as it is now, as I understand it, China's formal position is the 9-Dash Line, is the Southern Maritime Boundary that China has in South China Sea. But if you ask, what are the GPS coordinates for that boundary, *bu qingchu*. What does it mean, when a ship's captain crosses that line? What differs since it's a boundary, right? *Bu qingchu*. So what, you know, this is an issue that raises concerns all over the region. And I think it's

one that, and I've heard different answers in China as to what the debates are within China about how to answer that question on what China's real position is.

And those debates go back at least three or four years, in a very serious way. So, I think both sides have some work to do in getting our policies both settled internally, and articulated externally. And until then, and here frankly in South China Sea, I think the bigger problem is China's unwillingness to clarify the 9-Dash Line and the resulting claims from it.

But more broadly, this assumption that U.S. intentions are to basically contain China, is one that I think by now is producing a response that, gee, if that's your assumption, then you are going to act on your assumption, and that's going to undermine our interests, and therefore we have to be more prepared, and that's really quite destructive.

MR. LI: So, if I understand correctly, from both sides, there is no easy way out. And probably we are heading to a very, very dangerous direction. It's

very, very disturbing. But U.S.-China relations is like many other relations is driven by events, sometimes events can drastically change our view, our perception, our strategy. Also that this reminds me that our other colleague Jeff Bader, his very, very important article, are we seeking enemies?

So at the end of the day we do need to think about that, both China and the United States. Is that rational, is that our interest to have so many enemies, for both countries, so think about that. Therefore we may give the opportunity as you said, the crisis sometimes produce brilliant leaders, or a wise leader. So, maybe this is the hope, maybe wishful thinking. Now, let's turn to James, and for your question.

MR. MANN: Thank you. James Mann. I wanted to ask about your initial comment, and this is a question that could have been asked anytime in the last two years, about a new type of great power relations. Some of the conceptual things you talk about, it seems hard to, I don't know how there could

be any dispute about mutual respect, everybody is -- no one is going to say, I don't believe in mutual respect, the question is, if you tell me, that if I don't agree with your position, then you are not respecting me, then you have a dispute.

The new type of great power relations, to people here, sounds as though we might be somehow signing on to downgrading. We have alliance relationships in Asia. Does new type of great power relationship mean that we are declaring that, for example, Japan is not a great power? That we should in some way loosen our relationship with our allies? Could you tell me more specifically, what a new type of great power relationship would mean for our relationships with other countries?

MR. SU GE: Thank you very much, Jim. Actually, even if we are not allies, and that China now endeavors to build as many partnerships as possible, that means even if your ideas concerning the ways and means, and the future are not the same. But that does not mean that we cannot cooperate. And our

use can -- example just now, just to provide you with an answer; that is that you can mention that whether Chinese researchers or Chinese leaders nowadays would regard U.S. policy toward China, as containment.

Every student of international relations, since most of the Chinese, now researchers think that, and quite a few of them are educated now, also, in the States. Everybody knows about the George F. Kennan. In my most recent article about the international pattern, and the Chinese diplomatic strategy, I used -- very carefully used a word about U.S. stance toward China. I said the U.S. is now *zhendui zhongguo*, it means they are, the policies are directed vis-à-vis, even with the translation. I got the translation, very carefully I crossed out "against" for fear that you might think that I think the U.S. is against China, vis-à-vis China.

Then I added a line, *zhendui bu yiding shi ezhi*. Well vis-à-vis you, because you are rising, we are a little nervous, that does not mean target against you to contain you. Now, when some people,

you mention the Chinese, like legal enforcement. For what purpose; because you all want to go to China, it's not that you want to close to the door; you want the doors to remain open and to have much more open widely.

Look at just this, our President, whenever he goes -- comes to the United States, goes elsewhere, his Air Force, let's call it that way, is a Boeing. Who is going board an airplane provided by the enemy camp? I hope that your President, your leaders will wear Chinese shirts, because with those shirts are sold to Walmart, we are able to have enough funds to buy your airplanes. So that's a win-win situation.

You find that, when I look at U.S.-China relations in the '90s, beginning of the 21st Century, our trade constitutes like 35, sometimes 38 percent of our total in the world. Have we been trading with an enemy camp? No. So, in the whole when we look at U.S.-China relations we want to expand our basis, economic basis to determine the superstructure. So the win-win situation is not really like a diplomatic

talk, you know, to fool people around.

It's, ask for what can be put in a new -- when we describe the relationship between these two most important countries in the world. We can discuss, for instance some people say, three Cs, the candid, the cooperative, you know, and yes, I think that everything is like that is welcome.

MR. LI: Yes. But James' concern is that major power relations will undermine our alliance with Japan, and so the term, major power, Japan is major power, and there is a --

MR. SU GE: Yes. Not exclusive. You know, we have a partnership, while you have your foreign TPP, now we are going to proceed with our free trade, with members, would-be members of the TPP, for instance with South Korea already, with Australia already, so it's a win-win situation. I don't think our signing of our Free Trade Agreement would jeopardize your TPP.

In the future, now their conditions are a little too high, but one thing that I have to point

out, it was not just a pure economic package, you have your strategic political consideration as well. You had Vietnam on board, why you had China excluded.

MR. LI: Jonathan?

MR. POLLACK: I think what our discussion highlights is that both countries continue to talk past one another, China, as Su Ge has noted, is very, very comfortable with a very kind of a formulaic rendering, a very, very general rendering what Henry Kissinger sometimes says is a philosophical orientation; whereas the United States tends to be much more bottom-up, much more problem oriented.

I mean, the examples already given here, on North Korea, I mean, who could be opposed to the idea that we don't nuclear weapons in Korea? Great, wonderful idea! How do you get there? Indeed, I would even argue, look, talking about how the South China Sea that China's tough-minded attitudes on this, relative to the clear and present danger of a nuclear armed state on your border, which, very frankly, to be specific in the context of a candid conversation,

China is very, very risk-averse with North Korea.

Maybe in some reason -- Maybe with some good reason, but that, which is the greater danger? Is this maneuvering over artificial islands and claims in the South China Sea, does that trump the dangers on the Korean Peninsula --

MR LIEBERTHAL: Watch your verb.

MR. POLLACK: Yes, watch my verb there.

Yes, right, yes. That was unintentional.

SPEAKER: In other words, Trump is going to make it that (crosstalk).

MR. POLLACK: Yes. Yes. The only other point that I would make here, is that again, we hear all these voices and, you know, Chinese and Americans can both pick and choose, and we can say, well, here I read this, here I read that, there are a million and one voices; what voices do we privilege in this process? I can't emphasize that enough.

You know, we need to have, very frankly, a kind of conversation that doesn't minimize our differences, but talks about them in a way that we can

have, I think, a useful, not only conversation, but maybe even see whether or not there are areas where things can be bridged rather than, as we would say, arm-wave too much at these considerations.

MR. LI: Professor Lampton? Did you want to say something? Okay, yeah.

SPEAKER: Go ahead, now.

SPEAKER FROM CHINESE MEDIA: Not a comment, just a question to Jonathan. I read your paper, you know, carefully, and I'm sure you have contributed greatly to the thought about the situation we are facing now in DPRK. Two questions I would like to ask you. The first, you mentioned a revised American strategy will be there. Do you think President Obama will change his policy of the strategy of patience towards DPRK?

Second, I heard from some experts and scholars, and also officials from the United States that the U.S. has already ran out of patience. Is there a possibility that the United States will carry out a surgical strike on the nuclear facilities?

MR. POLLACK: First of all, there are two countries that have had what we could call a strategic patience approach. One is the United States, the other is China. Neither country, in that context, has been prepared to push this issue in the context of what is obviously increasing risks, frankly.

I'm not a member of the U.S. Government. I do interact some with U.S. Government officials, I haven't heard anyone in these conversations proposing some kind of extreme, coercive steps by the United States. Indeed Ash Carter, even the other day, he had once written an article with Bill Perry some years ago, when he was out of government, he is in government now, where he specifically said, well, then is then, and now is now.

I mean, he's not advocating this, but the risks here are very, very great, if we simply persist with a kind of a buying-time strategy. So I do think U.S. policy is shifting. I think that Secretary Kerry's remarks, when he met with Foreign Minister Wang Yi were very, very forceful, but what he's really

saying is that unless the United States and China can jointly come to some kind of concurrence, on how to cooperate-and cooperating is not talking, cooperating is cooperating in much more meaningful, operational fashion-and unless and until we get to that point, to use an American metaphor, North Korea gets a get-out-of-jail-free card.

MR. LI: Professor Lampton, we have about, probably, 10 minutes, so Lampton, go ahead.

MR. LAMPTON: I think what's confusing many of us, is I don't think we fully understand how China is evaluating the current circumstance. We would start from the assumption that just last under Deng Xiaoping China still has a vital national interest in a stable, productive external environment, because your main problems are internal. I think most of us believe that's an objective statement.

And yet your external environment finds, you know, the Philippines, Vietnam, Singapore, even South Korea as a complicated case, but your whole periphery is expressing various degrees of concern. Now, as

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powerful as the U.S. is, we can't generate that support unless it's felt in the region. So my question is, how does China evaluate, why all your neighbors are reacting this way?

I just spent three weeks in Southeast Asia I was -- well, I wasn't totally surprised, but I was in the direction of surprised. So, why do you think your neighbors feel this way, and what are you going to do about it?

MR. LI: Can we take another question from the Chinese press corps here? Okay. Yeah.

MR. YU: I'm Donghui Yu, with China News Agency of Hong Kong. I have a question for Ken. I think you have touched a little bit upon that, but I still want you to clarify, because recently we see the U.S. military is getting tougher towards China, and we have seen a lot of words and actions in the South China Sea, and you just said that, Admiral Harris' words last week in CSIS. But I'm wondering if this is just kind of posture of Pentagon, or is it kind of policy change of the United States? What's the --

because I saw some news report from the United -- America's media that there is a difference between the Pentagon and the White House in terms of the China policy. So, what's the process here? Who makes the final decision?

MR. LI: Two very good questions. First the question from Professor Lampton, so you'll probably answer; yeah?

MR. SU GE: Okay. I'll try. Professor Lampton, always, is known for his thought-provoking questions. As for whether China still wants a prolonged international and regional environment, I would say, yes. Because just nowadays things are becoming more and more complicated. When we talk about the globalization it seems that interests dovetailed.

When we talk about the decentralization of our democracy, of international relations, it looks like, we have more and more voices on the international arena. Like G20, China and regional relations, for instance, just depending on how you

look at it, China's relations with our neighbors are not all that bad. For instance, ASEAN relations, look at China's efforts with the ASEAN countries, the volumes of trade, RCEP is a good case in point.

Look at Singapore, they started with the Suzhou, and then moved up to Tianjin, and now Chongqing. So, China's development, they provided with a strategic backdrop, and area they can develop, so these two are intertwined with each other-win-win. And when you talk about, say, even Vietnam, economic corridor, when we talk about in Saigon, 200,000 Chinese businessmen are involved in the shirts, and in the textile industry.

Why? Because they thought that in this -- sometime in the future, they are going to be part of the TPP. Very interesting, and even Japan, sometimes in the media say, oh, problems, diaoyu islands, there's a patrol, but there are some basic understandings, no military vessels are involved.

Another thing is that there is a tacit agreement. Nobody is going to send actual personnel

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on the island. So these relationships, it's not that it's uncontrollable, so I think that you have like a military, a senior officer, and Mr. Ash Carter to say about American threats, I think he is doing his job. If you ask our military person, are threats to China, if they don't say certain countries they are not doing their job.

But for diplomats, we are not enemies, because we keep this balance. We have to say, who said what and where. A few days ago I participated in a discussion where the Foreign Ministry spokesman needs to say a few words about Hillary Clinton's remarks, about the Vice President's remarks, because they were so, you know, militant.

Was that, well, the Vice President was saying these words at the graduation of Annapolis, and those cadets would throw their hats into the midair, that Chinese (inaudible), when you come to your military units, you say certain things about how to arouse the national competence, and a future China dream, because these are not foreign policy.

Understandable, leave them a way out.

Live and let live, keep a low profile. Why should the Foreign Ministry spokesman have to, you know, say a few words about that. And Hillary Clinton, because she was speaking those things in order to get more funds, fund-raising activity. So with the campaign language, with a smile everything -- business is as normal. Okay.

MR. LI: Ken?

MR. LIEBERTHAL: He covered so much ground. Ultimately who decides U.S. foreign policy, including military policy? The White House; I mean, there's no question about that, it's the White House. There is a limit to how much you can micro-manage what happens on the ground. And I think Su Ge's comments are apropos here. I've heard, right after President Xi had a state visit to the United States, where he talks about, you know, China has no intention to militarize these islands in the South China Sea.

I was in a discussion with a number of uniformed Chinese, military officers, and they

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disagree very strongly with each other, about what China was intending to do, in terms of military capability on these islands and the South China Sea. So, you know, there are a variety of views, they are articulated in various ways. I think actual policy is always decided in the White House. No major move will be made without the White House being directly in control of that. But, you know, there is a long history of military officers expressing their views, too, where they can, and sometimes in ways that are not very helpful.

One last comment, because we are just wrapping this up. You know, I have long said, and I still believe, that if the U.S. and China end up being each other's biggest problem, being, having a fundamentally antagonist relationship, it represents a monumental failure of judgment and diplomacy on both sides. My fear is that we are not -- on both sides -- we are not doing what needs to be done to especially address these regional issues in Asia, which are very concrete issues.

And the postures that are being taken are ones that are not reducing tensions, and in fact are enhancing distrust about long-term intentions. And so I think it requires a lot more focus and serious focus to achieve outcomes that are in all of our interest.

MR. LI: Ken, well said. I can imagine the Chinese press, tomorrow, will quote you on that very powerful line.

MR. LIEBERTHAL: Expect only one line.

(Laughter)

MR. LI: Okay. Jonathan, very quickly.

MR. POLLACK: One very quick point. If there is anything that I take away from our discussion today, it's that although the realm of economic cooperation is very important and generally speaking, improves the atmosphere, it alone cannot and will not carry these two very -- this very, very powerful dynamic between our countries, and also between China and its neighbors. It has to be something more than simply trade and economic benefit.

MR. LI: Well, we are coming to the end. I

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want to thank you all for coming, and especially to thank the Chinese press corps, I understand that in few days, it will be spring festival, and so Happy Chinese New Year. And also that earlier that Chris Nelson mentioned that airplanes landing safely is not news, which is absolutely true, but it also remind us that there so many flights, take off, land safely across the Pacific, and our guests, and Ambassador Su Ge and his delegation will return to China, just in a few hours.

And of course, that Happy Chinese New Year, and the fact that you come here so often, the fact is both countries have so many flights, 10,000 people each way, and that tell us the broader picture. Sometimes we just heard of some crisis, but to dominate by crisis, but the reality is these two countries, as I think that Ken mentioned, and you also mentioned, so entwined together, I think that force is equally powerful.

And I want the audience to thank Ambassador Su Ge, thank Dr. Teng, and also our colleagues for

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that very, very interesting dialogue. I hope that you will continue to come back and continue to choose Brookings as the venue to have this kind of -- to provide a real Chinese perspective.

I think as Ronald Regan once said, "As long as the books are open, mind will not be closed." I think as long as the doors are open, exchanges are open, our relationship could not be that bad. With that, thank you very much.

SPEAKER: Thank you. (Applause)

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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.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of
Virginia

Commission No. 351998

Expires: November 30, 2016

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