THE BROOKINGS INSTITUTION

FALK AUDITORIUM

GLOBAL CHINA:
ASSESSING CHINA'S RELATIONS WITH THE GREAT POWERS

Washington, D.C.
Tuesday, February 25, 2020

Introduction:

SUZANNE MALONEY
Interim Vice President and Director, Foreign Policy
The Brookings Institution

Panel Discussion:

TOM WRIGHT, Moderator
Senior Fellow and Director, Center on the United States and Europe
The Brookings Institution

RYAN HASS
Michael H. Armacost Chair and Fellow, John L. Thornton China Center
The Brookings Institution

TANVI MADAN
Senior Fellow and Director, The India Project
The Brookings Institution

MIREYA SOLIS
Philip Knight Chair in Japan Studies
Senior Fellow and Director, Center for East Asia Policy Studies
The Brookings Institution

ANGELA STENT
Director, Center for Eurasian, Russian and East European Studies,
Georgetown School of Foreign Service
Nonresident Senior Fellow, Foreign Policy, The Brookings Institution

* * * * *

P R O C E E D I N G S

MS. MALONEY: Good morning and welcome. I'm Suzanne Maloney, the interim vice president and director of foreign policy studies here at the Brookings Institution. I'm really pleased to be here as we launch a timely and important set of papers of great power relations with China for our Brookings project on global China, assessing China's growing role in the world. Unfortunately, Senator Dan Sullivan has been unable to join us today as planned as several votes were called unexpectedly this morning.

Global China is a two-year Brookings foreign policy initiative that seeks to provide an empirical baseline for understanding China's global role across a wide ranging geographic and functional set of issues. This project involves scholars from across Brookings, drawing on Brookings's deep bench on China and East Asia. But also, on the expertise of the Institution's scholars on security strategy, regional studies, technology and economics.

The papers released this week analyze China's ties with the great powers. Notably, the United States, Europe, Japan, India and Russia. As well as implications for the United States and the international order. The papers show a key development in great power politics as the strong position of Washington and Beijing relative to other powers.

The United States and China are outpacing the other great powers and the gap is only increasing. Simultaneously, the relationship between the United States and China is deteriorating quickly. Furthermore, China's and the United States relationships with other great powers are having a profound impact on the U.S. China competition and on the international system.

The papers that we're launching today explore the differing approaches of each of the great powers in maneuvering within this intensifying U.S./China rivalry. The Global China series has already released several sets of papers that focus on the following key areas. The domestic drivers of influence, new domains of strategic competition and East Asia.

In the coming months, the series will focus on other sets of issues, including emerging technologies, China's influence in critical regions of the world and China's approach to global governance and norms. This is truly a monumental project and I really encourage you to visit the website, explore the

papers that are launching today and explore some of those that have already been published.

At the core of this initiative is persistent engagement with policymakers to ensure that our research remains insightful, innovative and relevant. Today we'll have a panel of authors for the global China series diving into their research on the great powers. We'll hear from Ryan Hass on U.S./China relations. Tanvi Madan on India's relationship with the U.S. and China which I'll note is the focus of her recently published book, “Fateful Triangle,” available in our bookstore outside. Mireya Solis on Japan and Angela Stent on Russia. All moderated by Tom Wright who will also speak to China's relationship with the European Union.

Before I hand the floor to the panel, I'd also like to thank the Ford Foundation for their generous support of this initiative. And with that, Tom and the panel, I welcome you to the stage.

MR. WRIGHT: Great. Well, I have permission to get started as my colleagues here get mic'd up. It's a great pleasure to be here today, to be here with my colleagues to discuss this very important topic. Thank you so much to Suzanne for the introduction.

And this is really a topic, I think, that needs very little introduction actually. That, you know, competition with China, relations between the U.S. and China and not just in the bilateral relationship but around the world has really become the dominant sort of foreign policy theme of the Trump administration.

And we've seen over the last few years, very significant developments on U.S./China policy tensions, I think, it's fair to say are at a post-Cold War high. It's not just in the security side, it's also on the economic and trade and technology side in particular. But we also see it playing out in different regions and in different relationships and in different functional areas.

And the purpose of this project, really was to try to use all of the great expertise here in the foreign policy program to map and analyze that out across all of those different issues and spaces. And this is the latest tranche of papers that's been released on this topic. They're all available on the Brookings website, so I encourage you all to download them on Brookings.edu. There are should be a link for a Global China project.

So, we wanted to today to really talk about that overall issue but also to specific sort of

papers. We have papers, as Suzanne mentioned, on India's role in this, on the U.S./China bilateral relationship. On the big question of China and Russia whether there those two powers are likely to be aligned with each other and, of course, on China and Japan as well.

So, I'd like to start with Ryan in a minute and I have sort of specific questions for everyone on trying to tease out the argument of the paper. But I'd also ask you maybe all to sort of address the question, you know, do you think we're sort of, the U.S. is in a global competition with China as it sometimes put or is it a bit different than that.

But Ryan if I could start with you, in your paper, you write very eloquently about the dynamics of the U.S./China bilateral relationship. And you sort of explain what some of the key drivers are that have led to sort of an increase intention and how some of these issues aren't going away and you come up with recommendations.

There's a number of reports around town on sort of the U.S./China relationship and many of them sort of pause it that the U.S. will have to have a dramatic intensification of competition with China before we can get to sort of a new equilibrium. You take a little bit of a different take in the paper. I was wondering if you could just maybe outline what you argue in the paper but also maybe how it's different than some of the other sort of arguments that are out there on U.S./China relations.

MR. HASS: Well, thank you, Tom and thank you all for spending your lunch with us today. I'm not going to provide a summary of each of the various reports that have been produced on China policy and China issues lately because if we were to do that, we would spend all day here. There has been an enormous amount of reports that have killed numerous forests in the process.

What I will say is that there is an active debate on China. I think there is an unsettled debate on China and where we should go. What I have tried to do with my modest contribution to this paper is to focus in on why the relationship has been deteriorating and what we should do about it.

And as I've been thinking through this problem and it's an evolving thought process, I welcome all of your reactions to it. But I am uncomfortable with the superficial nature of explanations about the downturn relations. When I'm Washington and I talk to my friends and the administration elsewhere, I often hear, it's just Xi Jinping's fault. If Xi Jinping would stop acting like Xi Jinping we could

get back to normal.

When I travel to Beijing and I sit with my friends I often hear, it's Donald Trump's fault. Everything was okay and then Donald Trump came along and the relationship has taken a nosedive since. And I just don't buy that as a credible explanation of what's happening. So, I've tried to offer a perspective with a few of the drivers of the downturn of relations.

And one of the things that I would present to you for your reaction is that I think that this downturn is different than every downturn that we've experienced since 1979 when we established diplomatic relations. All the previous downturns have been event driven. They've been cyclical in nature.

And once we've gotten through the event whether it was the Tiananmen incident, the Belgrade bombing, the EP3 incident. These various incidents, the relationship basically continued a pace of a trajectory of deepening ties. This doesn't feel the same, this feels quite different. And so, what I am trying to do is to highlight or illuminate some of the drivers of the downturn in relations and I think that there are a few.

One of them is that neither the United States or China is satisfied with the status quo anymore. We're both uncomfortable both with what each other are doing and the present situation and distribution of power in Asia. I think that in the past, economic issues have been sort of a ballast or a stabilizer of the relationship. I would not say that anymore. I think that they are a source of intensifying rivalry and competition.

I think that there is a systemic or ideological component to the turbulence that we're going through right now in the U.S./China relationship and it's going to take a while for that to work itself out. And so, what I've really tried to do is put a few ideas on the table for why the relationship is in a downward turn and what the United States may be able to do to respond.

To get to your question, Tom, I guess I'm not yet persuaded of the view that intensification of competition is a prerequisite for us to move forward. The question I would ask is for what purpose, to what end? I think strategy needs to be defined by what objective we're trying to seek. Competition isn't a strategy, it's not an objective, it's not an outcome. It's just a description of events. I do think that the relationship will grow more competitive in the years to come.

But I think that that competition will be bounded by, to a degree, by the degree of interdependence that the United States and China have. It's very costly for either side to allow the relationship to enter into a tailspin of enmity and direct confrontation.

MR. WRIGHT: But just to follow up. I mean, what should the goal then, I guess, if competition isn't a strategy or a goal than what is the goal? Because equilibrium is also sort of nondescript in terms of -- so what should sort of the U.S. objective be either in a second term of a Trump administration or in a democratic administration?

MR. HASS: Well, the way that I think about the question is what are we trying to achieve and what are we trying to avoid. And I think that one of the things that we're trying to do is we're trying to get China to be a better contributor to addressing global challenges that we and they both confront. I think that we are trying to deter or dissuade them from acting in a bullying manner to their neighbors but also to our security partners. I think we want to uphold the credibility of our alliance commitments.

I think we want to continue to serve as a force for good in promoting the values that unite the United States together. And I think that we want to encourage China to become a more responsible actor on some of the international trade issues that we're butting up against them about.

And if we do those things, all of which I think remain within the realm of the possible. We will preserve access to the most dynamic region of the world. We'll have a relationship with China, the other major power in the world that is durable and hopefully productive. And we will be able to ensure that the period from 1979 until now where there hasn't been a shot fired in anger in Asia continues. And by my accounting, that's not a bad balance sheet.

MR. WRIGHT: Thank you. Angela, you know, one of the things that people often say about China is you can't let China be close to Russia, right and that you have to sort of try to split them up in some way. We heard most recently from President Macron, you know, everyone seems to want to channel their inner Henry Kissinger on this and it sounds, you know, it sounds like a very interesting and sort of (inaudible) foreign policy view.

But in your paper, you basically say, you know, forget about it, that they're not going to be split up. That there are sort of key drivers as to why they will be more closely aligned even if they have

differences. Could you unpack that a little bit and just, you know, what the sort of geopolitical implications of that are for sort of U.S. policy toward both Russia and China.

MS. STENT: Sure. So, great to be here. We've come a long way from Nixon and Kissinger playing the China card. There is no such card anymore. If anyone has cards, it's the Chinese in this triangular relationship. I think we just have to go back 50 years and remind ourselves that 50 years ago, Chinese and Soviet troops were shooting at each other over their border.

I mentioned this today, there's an interesting article in The New York Times about what's happening on that border right now with the coronavirus which is something I think we're going to come back to. But you read that and you realize how dependent Russia is today on the trading relationship, on the economic relationship with China, on the tourists. So, just to remind you, we've come an awfully long way since then when people thought that there was going to be war between Russia and China.

Now there's a debate in this town if you follow Russia/Chinese relations. On the one side, people say oh, this is an axis of convenience, there are too many asymmetries. They're suspicious of each other, you know, I don't take this seriously. And then there are other people on the other side who say, this is the greatest challenge to the United States. We haven't woken up yet enough. There's a cyber challenge, a military challenge. So, I think both of those are extremes.

But what's driving the relationship today and I do see this as a serious strategic and pragmatic partnership that has been growing stronger since Russia annexed Crimea in 2014. So, what's driving the relationship from the Russian side now, this phase is, that China stepped in in 2014 when the west tried to isolate Russia when we imposed all these sanctions on Russia.

And China has really backed Russia up, even though it has now acknowledged the annexation of Crimea, by the way. But it has backed Russia up in the international fora, the economic relationship is growing. It's about, bilateral trade last year was $100 billion. That obviously dwarfs, you know, the Chinese-American bilateral economic relationship but it's growing.

And a very important element of this is that both China and Russia look at the United States and they have a set, you know, a set of grievances that they've had for a long time and they both believe in a "post west order". In other words, they both believe that it's time in this new world for the

United States to step back and to take their interests much more into account. So, there's a general sense there.

And then there's a very important domestic driver of this relationship certainly from the Russian point of view. Which is that Putin, Vladimir Putin's Russia is obviously allergic to western, to U.S. criticism of what's happening domestically in Russia. Putin believes that the United States and its allies are trying to support, you know, revolutions on Russia's neighbors, even on Russia itself.

And China, of course, supports Russia in everything that it does both in terms of foreign policy and domestic politics. The Chinese will never criticize the Russians for what they do domestically and similarly, the Russians never criticize the Chinese for what they do domestically.

So, in my paper, I write about two countries that are looking at a post-west world order that makes the world safer for authoritarian rulers. And so, that mutual support is very important. They have a growing military relationship. That's also driving this relationship from the Chinese point of view. Taking part in maneuvers with the Russian military has enabled them to strengthen, if you like, parts of their military for the Russians, you know, they work on this cooperation too.

In my paper I describe the cyber cooperation that's going on between the two countries, AI and other areas. And I think one thing that I also describe and I think that's the driver of the relationship now too is U.S. policy. That the United States in pursuing the dual policies of a trade war with China and rafts of sanctions on Russia has driven those two countries closer together. And so, one of the things that I talk about in the paper is that the U.S. should be wary of pursuing policies that in fact drive the countries closer together.

Now having said all of that there are obviously asymmetries in this relationship. The Russians are the junior partner and they sort of acknowledge that. We can talk about what might happen in central Asia, their shared neighborhood going forward. About the impact of the Belt and Road Initiative on Russia. But right now, I think this is a partnership that has been strengthening and I don't see this going away any time soon.

And the final thing I will mention is and I was asked to do that in the paper. You know, can the U.S. pry Russia away from China. So, we can certainly talk about what the U.S. could do to

improve ties to Russia to normalize relations with Russia. But I do not believe that if we did have better relations with Russia, which I would support, but I do not believe that that would lead Russia to distance itself from China. Because this is a whole new role for Russia. Russia is an Asian power and it's not going to give that up.

MR. WRIGHT: So, just a quick follow up and if anyone fundamentally disagrees with the thesis of any of the papers, actually feel free to jump in because we want to have a conversation. But Angela, one question I had was how much of this is a Russia/China relationship and how much of it is a Xi-Putin relationship. And if Putin were to just exit the scene suddenly, are there other possibilities that open up at that point where possibly Russia could be persuaded to work more with the west or is this a structural phenomenon?

MS. STENT: So, it's very much a Putin-Xi relationship at the moment. They've been given the systems that they both rule over. The personal relationship has driven this rapprochement clearly between Russia and China. I mean you can, the extravagant rhetoric that you hear from both of them saying that both of them are each other's best friend. And, you know, Xi Jinping getting Russia's favorite ice cream and things like that. I mean, even if you discount some of that, I think that has been an important driver.

That being said, there are also more fundamental interests, you know, why the Russian/Chinese relationship is in Russia's interest given where it is at the moment. But I could see it would be possible, you know, after Putin departs the scene but that's a very debatable question when that will be since, as you may know, he's now introducing constitutional changes that could keep him in power for a much longer period.

You could have a Russian government in the future that would reassess not necessarily the relationship with China as it is but also reassess its relationship with the west. And if it decided to pursue also closer ties with the west, that could change the balance. But this is not a relationship, the Chinese/Russian one that's going to kind of disappear or weaken any time soon.

MR. WRIGHT: Yeah, I mean if Putin was running for president here, he'd be one of the youngest candidates.

MS. STENT: Exactly. He's not yet 70.

MR. WRIGHT: He'll be around for a while.

MS. STENT: And he's in good shape.

MR. WRIGHT: Yeah. Did you want to come in?

MR. HASS: Yeah. I'm entirely persuaded by your argument.

MR. WRIGHT: Yeah.

MR. HASS: The question that I had is and I also agree that pursuing mutual animosity towards Beijing and Moscow simultaneously is pretty strategically unsound. Do you think there is a way to slow the rate of convergence between Beijing and Moscow?

MS. STENT: Well, I mean it's possible that yes. So, in the paper, I go into some steps that U.S. could take that could possible slow some of that. But that would involve issues that are domestically completely impossible at the moment. We're talking about removing sanctions on Russia. You know, you hear the opposite now, they want more sanctions because of the election interference.

It would involve probably having a very different attitude towards Ukraine. You know, recognizing the annexation of Crimea and possibly saying Ukraine should remain, you know, a neutral country. In other words, there are things that could be done theoretically that could lead to Russia maybe rethinking some issues. But domestically in the United States, that's, you know, a non-starter at the moment.

MR. WRIGHT: Just before we come to Mireya, I mean, my own sort of experience in this is when you talk to people about how to, you know, cause some sort of divergence between Russia and China. The Europe experts all want to set out Asian allies and accommodate China and the Asia allies all want to sell out European allies and accommodate Russia.

I rarely hear them actually talking about concessions in their own neighborhood. But Mireya, you may want to comment on that actually because Japan, of course, and Abe has a long history now of diplomacy with Russia. And he's been arguing, you know, for sort of a softer line on Russia partially to, you know, because of its current concerns about China. So, feel free to comment on that if you'd like.

But also, in your paper, you write about the very interesting and sort of nuanced relationship between China and Japan. And, of course, many people have counted Japan out and you make a very good argument that we shouldn't do that. That Japan and China both offer a very different sort of visions particularly of economic order in East Asia. You've seen intense sort of competition between the two and also some diplomacy between the two as well in recent years. So, I was wondering if you could just sort of lay that out for us. How should we think about that relationship not just between China and Japan but also between Abe and Xi?

MS. SOLIS: Sure. Thank you, Tom and it's a pleasure to be here. I'm already learning so much from my colleagues. So, one of the main points I wanted to make in this paper is quite simply that China has not eclipsed Japan when it comes to economic state craft.

And there's such a dominant narrative and the impulse, I think, is to just write off Japan as a country that has been suffering a stagnation, deflation that cannot put its own house in order. And if we stay with that narrative, we're actually going to miss a lot of the action, meaningful action in Asia. With important repercussions for the role that the United States can play in the region.

Now I'm not trying to deny reality, of course, the statistics are there. Since 2010, China displaced Japan and became the second largest economy. China only joined the WTO in 2001. And the nevertheless, in a very short number of years, China has become the largest trading partner for all countries in the region, Japan included.

It is China who has captured our imagination and, of course, also created a lot of pushback with the launch of the Belt and Road Initiative. Even China has now put in new institutions in place with the Asia restructure investment bank. It is China has used its material wealth also to rapidly build up its military capabilities.

And, of course, Japan is not doing these things and Japan now is the third largest economy. Japan has decided to retain these self-imposed limits on, you know, 1 percent of GDP, even less towards military development. And nevertheless, if we were to assume that Japan is a has been country, then we would not really know what is happening in development finance. And we would not really know what is happening in terms of building a regional trade architecture.

So, one of my goals in this paper was to dig data. Data that I don't think is widely known. And just give you a sense of what I found is, for example, if you look at the amount of loans that industrialized countries have made available, specifically ODA loans towards economic infrastructure and you look at the past 40 years. I think I was very much surprised when I found that when you look at the cumulative total, Japan alone has provided 43 percent of all ODA contributions towards economic infrastructure.

So, if we think about one country that actually be in contention with China for leading in development finance, we should look at Japan. No other country has that kind of financial muscle. Then we should also think about foreign direct investment and the mobilization of private capital.

And while it's true that China has become the top trading partner for all countries in Asia and certainly Southeast Asia, China does not lead in Southeast Asia when it comes to foreign direct investment. It is the United States and Japan. And when you look at the role of the private sector, project finance for infrastructure, Japanese banks are in the lead. So again, there's a lot there that is happening that perhaps we are not aware of.

Now what I think is important also is that I find that, Tom, that Japan and China actually raise savvy with their economic diplomacy and the role of development finance. Because they are doing something that I am afraid that the United States is not doing enough. And that is to make sure that they do not come to the region and ask countries to make a choice. They're not putting a binary option in front of developing countries in Asia because nobody wants that. And therefore, I think that that gives more traction to both the development finance strategies of Japan and China.

Now one way to look at this question also is to look at what are the dividends? If you're going to really mobilize all these financial resources, you're going to come up with Belt and Road Initiative. You're going to come with a quality infrastructure, the partnership for quality infrastructure which is Japan's own vehicle to advance development finance. To what end, and then you're actually receiving dividends from this exercise.

And I make the case in the paper that if you ask this question, Japan is actually doing quite well. There are two main ways in which you can think about the political capital to be derived from a

very robust economic state craft in the region.

One is, of course, to develop relations of trust with recipient countries. And, you know, going by some very interesting survey data of the Institute for Southeast Asia Studies, Japan actually tops the charts when it comes to trust rankings. 62 percent of Southeast Asian countries see Japan as the most trustworthy country in the region. And can you guess which country actually is that the bottom is actually China with 16 percent.

While another very interesting dimension here is, for example, of course we're all in the grips of these great power competitions and top relations between China and the United States and how is Asia going to cope with this. While strategic diversification is an option, again, which country do respondents in the region point to as the best alternative for that, a strategic diversification for ASEAN and for making up for the lack of engagement of the United States in the region, it's Japan.

Now another way in which you can look at how much political capital you derive from development finance is well donor to donor cooperation. And there are a couple of things that you can do here. One is to signal a commonality of purpose. And therefore, you're coming together and putting together packages for economic development that have larger geopolitical under tones to them as well. And you can then also try to cultivate, habits of cooperation between implementing agencies.

Now we know that China has some challenges, reputational challenges when it comes to the Belt and Road Initiative. Questions about how sound are the lending practices, what are China's underlying motivations. And therefore, many have suggested that China should multilateralized its Belt and Road Initiative. But there are very significant challenges to do that.

One of them actually is quite practical and that is because China's development banks are very opaque in the way in which they operate that makes it very hard for other credit dispersing agencies to actually be able to find viable projects. And if you look at the question of multilateralization, that's a long word, I think that Japan is actually ahead. Japan has multilateralized its partnership for quality infrastructure. Because it now has ongoing projects and initiatives with the United States, with Australia, with India and so forth, to be able to then to come to the region and say, we have these common goals and we want to make this positive contribution to the region.

Another, I think, interesting element that I would like to highlight in my paper is that we, I think, in Washington tend to think that great power competition is everything. And it started relatively recent, this focus on that. But I would make the case that the competitive dynamic in Japan/China relations started earlier.

You know, 2008 is a year that everybody mentions when they think about China because ideally that's when China gave confidence about how the global financial crisis had underscored the weaknesses of the American model. But it's also the year when Japan actually graduated China from its ODA loans, its loans for official assistance.

And if you look at what happened during the next few years in China it's actually very robust, competitive economic diplomacy both on the part of China and Japan through trade agreements. And therefore, you have the move, counter move dynamic. And then later on, this evolved into development finance.

But the point again is that no one is telling to these countries in the region that it's an exclusive offer. That if you work with us, if you sign a trade agreement with us, you cannot then look at the country. If you finance a project with us then you cannot look at the other country. So, the point I want to make there is that the regional order in Asia is competitive but not exclusionary. And that we will get much more traction if we think along those lines.

Lastly Tom, I think it's important to talk about the current juncture in Japan/China relations when we think about mostly an improvement, a rapprochement. And you know, President Xi is expected in Tokyo, who knows with the coronavirus, there might be a change there. But he has an invitation to come as state guest. And there's also been a noticeable thaw in relations. Political dialogue at the highest level has been reinitiated after years of really quite a dysfunctional relationship.

And I think that the main factor really for that, what I call a pragmatic adjustment, has to do with the uncertainty regarding the United States. The United States, in my mind, is the biggest driving force behind that rapprochement between Japan and China. And it's because they both, Japan and China feel they're preoccupied with what keeps going to happen in terms of the multilateral trading system in terms of rising frictions, protectionism. And because they want to stabilize therefore, the

environment, I think that that creates an incentive to be pragmatic.

Having said that, these rapprochement in no way represents a reordering of Asian geopolitics. No one is switching sides. The territorial question is still very much alive. China is still pushing Japan every day testing the boundaries in the disputed waters around the Senkaku. And even when Japan and China try to cooperate on economic infrastructure, they identify that initiative on third country markets. The fact is that because the standards are too different, they cannot actually yet find viable projects.

So, I think then these are some of the main points of the paper. And then going to your specific question, you know, Japan and Prime Minister Abe, in particular, has made improvement of relations with Russia a big priority. And he's been going at it for several, several years. And I just don't think that Putin will ever give territory back and I think that that's the ceiling of how far this is going to go.

MS. STENT: I would just like to, yes, second that. He's not giving territory back. Why should he? He's getting everything he wants from his relationship with Japan without giving anything back.

MR. WRIGHT: Tanvi, interesting few days in U.S./India relations. Is Modi fully on board with the Trump sort of China policy? And how does India sort of think about competition with China in a way that is different than maybe how people who are into competition with China in the United States and in Washington, D.C. in particular think about it?

MS. MADAN: Thanks, Tom. It is quite interesting, you know, to think it wasn't that long ago that there was piece based on a new book out about President Trump.

MR. WRIGHT: Well, you have a new book out.

MS. MADAN: I have a new book out.

MR. WRIGHT: It's available on Amazon, “Fateful Triangle” about the role of China in U.S.-India relations.

MS. MADAN: Yes, we've got cameos from Russia and Japan.

MR. WRIGHT: I forgot to say that.

MS. MADAN: Thank you, Tom. I have very kind colleagues who help me promote my

books since I'm too kind of bashful to do it myself. But there was this new book out by a couple of Washington Post journalists that where there is this very kind of catchy quote. With President Trump in a meeting with Prime Minister Modi saying, it's not like you have a border with China. India has, just in case you don't know, a 2,500-mile border with China.

What didn't get that much attention though in that conversation in the book but it is mentioned in the book is that this is in the midst of a conversation where Prime Minister Modi is talking about Chinese aggressiveness and assertiveness in the region. Now the reason this is interesting is India and American officials rarely acknowledge in public that they are talking about China. They'll talk about the Indo-Pacific, they'll talk about a rules-based order, they will not actually say or acknowledge and you would have seen, perhaps if you've been paying attention to the Trump visit to India. In both Indian and American kind of speeches there are illusions to China but it's not actually mentioned. It's the country that shall not be named.

And what you see is kind of why was Prime Minister Modi bringing this up? Because for India, in fact, more so than any of the countries on this panel it has had a largely consistent view of China since the late 1950s. And that view has largely been competitive with significantly in recent years an attempt to kind of engage with China to stabilize relations. Also, to take advantage and hopefully deepen economic ties.

And so, you have seen some of that kind of engagement aspect in the China/India relationship. Prime Minister Modi and President Xi have met very regularly now, particularly at the kind of high levels. They've got this annual summit essentially now. But this remains a fundamentally competitive relationship for many of the reasons that actually the U.S. has problems with and Japan to some extent with China. On the boundary dispute that India has, you know, it's the longest demarcated boundary in the world and it's existed since the two countries have come into existence essentially.

China's relationship with Pakistan. China's increasing kind of engagement, a deepening engagement in India's territory and maritime neighborhood particularly in the India Ocean region. Where India worries that China will start behaving the same way it does in the South China Sea, for example.

Economic ties which were supposed to kind of alleviate the problems with this

relationship have also kind of become somewhat kind of troublesome because of the economic imbalance. India also likes to complain about trade deficits with China and market access for Indian companies China does the same as well. And for China, the kind of bug bearer in the relationship is the presence of the Dalai Lama and Tibetan refugees in India which still is a very sore subject for them.

So, there's this kind of range of issues. There's also this kind of fundamental lack of trust. India thinks far more about this relationship than China does. But for India, China is a major part of its kind of external strategic challenges alone and in conjunction with Pakistan.

So, I think there in terms of a response, what India has done is try to build its own domestic capability. Also try to engage China to mitigate some of those tensions. But importantly, for the conversation we're having it has tried to build this kind of network of partners who have like-minded partners and not allies. But it does have at least an alignment with the U.S. and a number of its allies and partners. And I think you've seen this not just in the deepening defense and security relationship with the United States but you've seen this with kind of a pretty vigorous relationship with Japan and increasingly with Australia.

So, you've seen the U.S., India, Japan trilateral be upgraded but also the revival of the infamous quadrilateral. Which despite people constantly dismissing it, has actually deepened its engagement over the last six to eight months, again, with a huge assist from Beijing. And this is all while at least Japan, Australia and India have been trying to stabilize relations with China as well.

So, there is that kind of aspect. But I will say, you know, where there are differences, especially with the U.S. and just on that question and I'll come back to that balancing strategy that India has also involves Russia which is where it differs with the U.S. Where do India's differences with the U.S. view of this competition lie? I think a few different things.

I think one is in the nature of the challenge that China poses. India agrees China is a geopolitical and potentially an economic challenge in the region. India does not share the Trump administration's concerns about China is an ideological challenge for now.

Second, in terms of there's some differences in terms of approach that India has versus the U.S. approach. India has become kind of collateral damage in this what it sees as a unilateral tariff

war. Would have much rather that the U.S. work with, you know, its allies and partners to all kind of do a full court press whether in Asia or Europe on these economic questions and try to kind of shape Chinese behavior that way.

There are also differences in terms of, you know, who should be in this balancing coalition. And for India, Russia as traditionally been part of its balancing strategy, vis a vie China. Obviously, for the U.S. that's not the case. So, the way I often put it and I put it in the paper is India sees Russia as part of its China solution, the U.S. sees it or maybe President Trump doesn't. The Trump administration sees Russia as part of the China problem.

And that would necessarily not have mattered but it does make a difference, for example, when India continues to acquire defense equipment like this S-400 air defense system from Russia which creates problems for its deeper integration and cooperation with the U.S. And creates problems on Capitol Hill for deeper defense engagement as well.

Finally, I'll say, you know, there are differences both in the U.S. and Indian side or at least questions about the other country's willingness and ability to really kind of engage in this effective balancing strategy, vis a vie China. And you notice I won't say containment balancing strategy. I think the U.S. questions, you know, whether or not India is going to be particularly able in the sense of is the Modi government reforming economically enough. Is it maintaining social cohesion enough, is it building its military capability enough to be able to play this role that the U.S. envisions for it in the Indo-Pacific?

India on the other hand, has questions about whether or not potentially, you know, what is going to happen with these discussions about retrenchment in the U.S. Is the U.S. really committed and is the Trump administration, particularly President Trump committed to allies and partners in Asia? And also, this question of, you know, what happens. Both sides have this question of what happens if the other one really changes their mind about China.

India has always been concerned about a G-2. Will a second a Trump administration potentially decide to reach a deal with China or a Sanders administration who is focused on, you know, climate change say like the Obama administration did in parts that that is the priority not geopolitical competition. The U.S. has often had these concerns about India as well. What does this reset mean and will it mean

India being more accommodating.

So, none of these divergences are kind of as potentially deal breaking for the U.S./India relationship when it comes to kind of China. But they could pose serious problems and for both countries, you know, if they don't get some of these domestic questions resolved, I think you will see the limits of their partnership vis a vie China.

MR. WRIGHT: Great, thank you. So, I'd like to come back to everyone in a second. I just want to say a word about the European sort of angle on this. You know, I think it's interesting what's happened in Europe and China. There's been a real sort of sea change. There's still a debate. But I think there is a sense that they need to be more united in terms of dealing with China. Not a week goes by where there's not some incident where they perceive China as imposing sort of pressure on a country because of sort of the economic relationships.

So, you know, at the beginning of the year, there was a like a week-long period where China pressured Sweden because it gave a freedom of speech prize to a Swedish citizen who was born in Hong Kong. They pulled a football game in the UK from Chinese TV because an arsenal football player said something about Jinping. Huawei sued a French think tanker over something she had written and there was a variety of other similar instances and that was all in the space of one week.

And that is sort of happening on a pretty regular basis and there has been a European sort of skepticism about the American security narrative about China and that's still there to some extent. But I think they feel the sort of pointy edge of Chinese influence to a much greater degree than they did a few years ago. And you see this now percolating up in Macron's comments and others.

The countries are actually interestingly divided internally. In German, you know, Merkle, I think is more traditionalist in wanting to engage with China. Her party actually is much more skeptical. In the UK, Johnson is again, a little bit more traditional. His party is a lot more skeptical. And the lefts and the greens are actually pretty skeptical also. The greens in Germany oppose the decision on Huawei and 5G and, of course, the technology side of it is an incredibly important piece.

So, I think we are seeing the beginnings of a European approach which will be quite competitive. But one major distinction for America is that it has no military component. So, there's no

question about Europe playing a military role in East Asia. The Secretary of Defense was asked about this in Munich, what should NATO do? And he said, absolutely nothing, NATO should just focus on Russia. We don't want NATO to do anything militarily in Asia.

So, I think we'll see it on the normative side, particularly on human rights issues as they arise, as they have arisen over the last year and on these sort of leverage questions as well. But anyone feel free to respond to that but I also wanted to pose a question which was on decoupling, actually.

Because as we sort of look at the different points of contention between the U.S. and China, you know, on technology in particular but also economically and on trade. You know, this has really gone global. The U.S. is putting pressure on a wide range of allies in Europe and elsewhere.

Does anyone sort of contest the proposition that some decoupling even in a limited way is now inevitable in the U.S./China relationship is the U.S. is to sort of protect its key interests on technology, economics and other issues. And I guess from the point of view of the countries that may be, I know Ryan is looking at the bilateral relationship.

But for the other three looking at the individual countries, how do they sort of think that through? Obviously, no one wants to go too far and so let's take that as a given. But on the question about technological decoupling in particular and then a little bit on the economic grounds is that now inevitable?

MR. HASS: Thank you, Tom, it's a provocative question. And if someone were to ask me that question a year ago, I would have been much more confident in my answer. That I didn't think that the decoupling train would travel too far. The decoupling train has already left the station now in the past year and now the question isn't whether it's going to go back to the station it's how far it's going to travel.

And I think that we have to ask ourselves in the United States some fundamental questions. Which include if the United States unilaterally decouples from China or the United States and China both decouple from each other what are the other countries going to do.

I'm not convinced that the Japanese out of solidarity or good will or amity are going to say oh, well we'll just bypass that market. I think they're going to backfill. I think Taiwan will backfill and I think others will too. And I don't begrudge them for doing that, that's in their economic interest to do so. But if the

United States is going to unilaterally pull back from economic interchange with China and no one else does, the end result is going to be that we are going to disadvantage our own firms and our own global economic competitiveness.

So, I would be much more comfortable with a more patient steady approach that allowed us to travel as fast as our partners are willing to travel with us. Then turning the keys into the engine and just sort of seeing how far the train will run.

And this brings me to sort of a broader point that I would just like to put on the table for everyone else's reaction as well. Which is listening to these presentations from all of you it's just a reminder to me of the strategic maturity with which so many countries are confronting this challenge of China's rapid rise. And I worry that we in the United States are doing a lot of transmitting of our views and our anxieties about China and not enough listening to some of the wisdom that some of our friends have about having dealt with China for many decades and generations past. So, I will stop there but that's my initial reaction.

MR. WRIGHT: I just want to come back on one thing in Europe. I mean I don't know the other cases as well. But it's interesting like the administration, I think was too late on 5G. They didn't really talk about it very much a year ago. But there's really no doubt in my mind that if they weren't going completely berserk over it that many European countries would be more willing to integrate Huawei into their 5G networks, right?

I mean, I think there are lots of things that could be done differently. But in Munich, you know, you heard it all the time which was boy, we didn't know they were so upset about it. You know, we didn't know Nancy Pelosi was completely on board with the Trump administration on 5G questions. And, you know, they do worry about the American reaction.

They worry also about their sovereignty and, of course, a key part of the U.S. message is that should be their primary concern. But I think there's an interesting question on pressure. I mean, the pressure, I think has had an effect of sorts. But Tanvi you wanted to come in and then we'll go --

MS. MADAN: Well, it brings up the question of, you know, what is the balance. So, you know, yes you want to kind of convey concern and actually express views to the extent you can and talk

to these allies and partners about why you think Huawei or any other company is such a big deal. And the question is, you know, and maybe there's a thing of not just doing that privately which was usually the traditional way but also creating a sense amongst the public.

But I think there is also kind of the problem of at least in the case like India that has long had and for longer than the U.S. had concerns about these Chinese companies. Huawei's and TE had, in fact, banned them from certain sectors. This, you know, going so berserk and starting to talk about pressure if you don't kind of linking this. that if you don't make this decision and to be fair to the Trump administration they haven't gone as berserk on India as they have allies.

You know, if you go too berserk, then you are kind of -- it's counterproductive. Because then governments who have to say to their publics that we want to make this decision for our reasons suddenly looks like you're making a choice or doing it under U.S. pressure. So, this is where I think the Australians very early on came out and said, we are making this decision because of these reasons and we're willing to talk to others. And they have, for example, talked to India, talked to others privately about, you know, their concerns, what they're doing about it.

And so, I think the question is how do you find that goldilocks sweet spot where it's just right. And I think, you know, we're probably past that point.

MR. WRIGHT: Trump's not too great at that.

MS. MADAN: That's right. But fondly enough, in India where he has incredibly stayed on message on a number of different issues, he also stayed on message on Huawei. And found a way to say, didn't mention the word Huawei, talked about kind of telecommunications, the safety of, you know, critical infrastructure. And then said, look you have to ask the question, is this the kind of, he just laid out some standards and said, is this the kind of company you want. So, I think, you know, there is this question of how you do it and I think the way it's being done sometimes actually. Because I do think a lot of these countries have the same concerns.

Just one thing on Europe and Asia. I think one thing that the European shift that you mentioned has done is it's opened up this space for cooperation and discussion between a number of European countries and even the EU and countries like India and Japan. Which I don't think, you know,

they used to be what you described which is these two different conversations that were going on. Where, you know, a country like India had very little to say to the EU or European countries on the defense or security or technology question because they said these guys don't care about China. That's changed.

And one of the issues they're talking about is things like, because after all the alternatives available are European for now. I actually think that makes it somewhat easier. But I think that also brings up questions for Europeans. Because when it comes to these technology issues, for countries like India and this might not be the case in some kind of more developed countries. It's not just about the technology it's about price. And sure, China development bank is helping subsidize Huawei.

But the question is, they turn around and say to the U.S. and, you know, Europe, it's not just are you offering me a technological alternative or helping me develop my own. It's what is the deal, what is the package you're offering me. Are you offering financing? And I think this brings deep questions for Europe and the U.S. that have said, you know, we don't do this, it's not a free market principle while of course all subsidizing farmers. You know, do they need to rethink both industrial policy but financing of these kind of things.

MR. WRIGHT: Good point. So, Ryan I'll let you back in in a second but I have Angela, Mireya and then we'll turn back to it.

MS. STENT: Sure, just briefly. Obviously, Russia is in a completely different situation since the United States is in no position to tell Russia it shouldn't be, you know, cooperating with Huawei. So, Huawei is in Russia, it's working closely with Russia. The Russians are hoping to bandwagon on, you know, benefit from all this Chinese technology.

There is now an explicit AI partnership between Russia and China. Russia does have some things to offer China that it doesn't have at the moment. So, in that sense from the Russian point of view, I think the decoupling would be greatly welcomed.

I would just say that coming back to the G-2 the things that the Russians fear most is the G-2. Because the Russians believed that there are three great powers in world, China, Russia and the United States. And eventually, this new world order will divide the world into three spheres of influence.

So, the idea that you could have a G-2 in the future, that would, I think be very disturbing to a Russia that believes that it's, you know, an equal on the world stage.

MR. WRIGHT: Yeah. Mireya.

MS. SOLIS: Very briefly, a couple of points. Japan has no interest whatsoever on losing the China market. And therefore, the notion of wholescale decoupling does not travel far. I think that Japan also feels that China's behavior can be shaped through incentives and structures. And therefore, there is still an interest in negotiating trade agreements and coordinating efforts on development finance even though it's not being carried out smoothly because of the difficulties I alluded to.

Having said that, another, I think, important dimension I wanted to emphasize in my paper is that I see that where we are at now today on the technology question, great power competition and so forth. This has now produced for Japan a really brand new novel challenge. You can think of what Japan has been doing in the last few years as Japan really rising. Stepping up to play a different role in promoting economic liberalism, economic internationalism, rescuing the TPP, being helpful in reforming the WTO and so forth.

But also, now it's concerned about China's actions on the technological sector. And therefore, it's boosting its own economic defensive measures. And for example, it's now tightening the screening of foreign direct investment, it's considering revising export control regime. And therefore, that balance between economic security and liberal economic liberalism has now become to be a very important set of issues that Japan must confront.

And my last point, it's not all Japan's doing. We should also take into account that China in its bid to become a technological leader has ambitions for self-sufficiency. And technology goods have been very important to Japan/China trade in the past. And therefore, if China does this, as it aims for sort of self-reliance it is also undermining that economic interdependence that has provided the ballast for Japan/China relations.

MR. WRIGHT: Ryan.

MR. HASS: I just wanted to offer one brief point to embroider something that Tanvi had put on the table. Which is that Huawei didn't become a problem under the Trump administration it's been

a problem for the United States prior to the Trump administration, it will be a problem after the Trump administration. So, it's not a secular Trump issue.

But also, one of my concerns about the banging our allies over the heads to get their attention approach to diplomacy is that it accentuates the divisions that exist between us and our allies when we really have a lot of commonality of views. We both share similar concerns about Chinese behavior. We all, with exception of my friend who studies Russia, we all have general values that we seek to uphold. We all have generally common interests that we're seeking to advance vis a vie China. And when we are going after and attacking our allies, we're creating divisions and making things a lot easier for China.

MR. WRIGHT: Tanvi.

MS. MADAN: Just kind of very quickly. I think Mireya's point about, you know, interdependence might be reduced it's not going away might even increase. I think the big question is how do you decrease your vulnerabilities as this interdependence persists. And I think you're going to see a lot of that whether it's investment screening, export controls.

But also, for countries like Japan, the U.S., India, Australia, one of the key subjects of discussion and the EU is how do you also reduce smaller countries vulnerabilities by offering them choice? And so, I think it is going to be about that question.

One kind of final think on decoupling. We often talk about the U.S. decoupling. But let's be clear, China has decoupled itself from entire sections of the global economy, and not just with the U.S., for quite a while. Whether that's the internet or whether that's keeping tech companies out, whether that's keeping kind of, you know, media out et cetera. So, I think sometimes, you know, yes, it's worth kind of some self-awareness here but it's not just a one-sided thing that's been going on.

MR. WRIGHT: Great, thank you. I have a lot more questions I want to ask but we need to bring in our audience as well. So, let's take maybe three questions at a time and the first three I saw were in the first couple of rows here. So, if we could bring up a microphone or is there a microphone? Yeah, so lady here on the side and then just keep your hands and this gentleman and there was another, yes. And state your name and also just make sure it's a question.

QUESTIONER: Thank you. I'm Jean (inaudible) with (inaudible) Vietnamese Americans. This question is to all the panelists. I would like to ask each of you to give the answer to what extent can the South China Sea be a convergence point for the international community to mitigate the damages of China rise in many different ways? Geopolitically, economically, militarily and especially cyber and IT. This year, Vietnam is the chair of ASEAN and in ASEAN, Vietnam is the only country yet not willing to go with Huawei. Is there anything that we can suggest to support? Tanvi told me about India so I'm asking, we look up to India as a counterweight with the populations and the potential development. What would India do with the South China Sea? Thank you.

MR. WRIGHT: Thank you. Right beside you, yes.

MS. GERARD: Thank you very much. My name is Bonnie Gerard and I'd like to address this question to you if I may. And I ask it from the vantage point of someone who has lived and worked in China for the majority of the last 33 years. So, I was there when Gorbachev arrived.

On the ground in China, it looks and feels like the Chinese-Russian relationship is brittle. That like a windshield, a windscreen with just a small stone, it could completely shatter as it did in the '50s when China threw Russia, well the Soviet Union out. Chinese and Russians, they don't socialize, they don't live together. There is a great deal of anecdotal polite loathing, shall we put it. And I wonder what your feeling is about this in terms of the tactile relationship between China and Russia on the ground. Thank you very much.

MR. WRIGHT: Thank you. And the gentleman here, yeah.

MR. MOBISHAY: Thank you. Artelon Mobishay, University of Richmond. I just wanted to ask a question towards Ryan but it's open to anyone else. It's interesting you pointed in an earlier comment to how, you know, we complain about, you know, if this is all presidency's fault and from their perspective it's President Trump's fault.

And we spend a lot of time on this side talking about how diplomatically and properly we can alter China's behavior and so on and so forth. But we don't quite address China's view in that, okay America also needs to alter its behavior whether it's Taiwan, whether it's Korea, whether it's military presence relationship with the others.

How do you see us being able to make major accomplishments and trying to alter their behavior without us needing to make major changes? Whether it's our perspective on Taiwan, Korean and other military perspectives or for that matter, economic perspectives. If we really want China to change, are we not ignoring that from their perspective there is three full major grievances and behavioral changes they would like us to do.

MR. WRIGHT: Great. And we'll take maybe a fourth one over here if you could bring the microphone over here and then we'll come back to the panel.

QUESTIONER: Hi, my name is Laurel and I'm the principle of a Canadian/Chinese school in Beijing but I'm American. And I think building on that gentleman's question, maybe I'm sort of jumping to conclusions here. But I heard a tone from each of you of China being an adversary. And my question then is how can we make the Chinese feel heard and feel honored as the world power that they're aspiring to be in a way that will be beneficial for the whole world order?

MR. WRIGHT: Great, thank you. So, we have a lot of questions. We only have like 11 minutes. So, I encourage you not to answer every, I don't think everyone can answer the South China Sea question and every other question. So, maybe just pick one that you'd like to sort of comment. Angela why don't we start with you. And if you want to also, we meant to bring up the coronavirus, we didn't get to it but that might play into your answer as well just on the motivations between the people.

MS. STENT: So, I'm very glad you raised that question because there's obviously a huge difference between the government to government context between Russia and China and the context between people. So, first of all, if you look at, you know, Russians consider themselves to be Europeans. They really don't consider themselves to be Asians. They feel much more at home culturally with Europeans than they do with Chinese and they will tell you that.

Look at where Russians and Chinese sent their children to study. Both of them send their children to study either in the United States or somewhere in Europe. The number of Chinese students in Russia, it's growing now but it is infinitesimal compared to the number of Chinese students in the United States and the same with the Russians.

So, on a personal level I agree with you. And if you look at the, you know, public opinion

data, particularly in the Russian far east you have six million Russians in the Russian far east. It's becoming rapidly depopulated. You have a 110 million Chinese on the other side in a much more modern environment and there's a lot of mutual suspicion.

So, if we come back now to the coronavirus, for instance, the Russians have been taking very strict measures. I think no Chinese are now allowed to come to Russia. They've cut off nearly all of the flights. They've been very, very strict about it. And you see in the Russian social media, comments made about Chinese having to do with, you know, people's fear about the coronavirus that one wouldn't necessarily want to repeat here.

So, I think you're right that they have a long way to go on a kind of civil society and person to person level of cultivating a more amicable relationship between Russians and Chinese. And, you know, they're a very deep seeded kind of nationalistic and almost xenophobic, on both sides, views of the population. And I think that will take a very long time to change. And it's not clear to me that either the Russian or the Chinese government is doing very much to change public attitudes which is also interesting.

MR. WRIGHT: Thanks. Mireya.

MS. SOLIS: Well, maybe I should talk about coronavirus because I don't think any other questions were directed on Japan. But as you know, Japan also has been affected by several cases and Japan had the additional challenge of, you know, the cruise ship. And there are also now some case of community dissemination of the deceased and the State Department actually now has raised the advisory just to level two but nevertheless it's a rapidly evolving situation.

And I think that this has presented a number of domestic and international challenges for Prime Minister Abe. On the one hand, one of the results of these improvement of relations was the marked increasing tourism from China into Japan. Now, of course, that tourism has dried. But Japan actually, and this is hotly debated in Japan, the government did not impose the same type of restrictions on travel from China. Actually, the United States did, only limited travel from the affected provinces in China, sort of blanket restriction.

And there are some people then for that believe that that was not sufficient. There's a lot

of focus now on whether the response, the quarantine on the cruise ship was done properly or not. Whether infectious disease experts were given enough play in making some of those decisions. And there's other larger international repercussions.

As I mentioned before, it's not clear whether the state, Abe said that has long been planned and orchestrated will take place. But also, keep in mind Japan is hosting the Olympics in the summer and whether that would be affected or not by the coronavirus is a great, great concern.

One silver lining on all this, if I may, not to end this comment just with a silver note. Is that this actually may be a huge boost to something that Japan badly needs. And that is reforms in work life practices. And this may actually provide the impetus for Japan finally to agree to telecom working and these other measures that, you know, given the corporate culture in Japan and never gain any traction. And for the first time, we're seeing entire companies telling their employees, telework for two weeks. We had not ever seen that before.

MR. WRIGHT: Interesting. Ryan or Tanvi.

MS. MADAN: So, one of the things, I'll address the question about the adversarial view as well as just briefly the South China Sea one. In the paper, I describe India's approach which I characterize it as competitive engagement with Indian characters. There's the whole section on kind of much like the Russia one on what could change that to make India reevaluate, take a different view of China.

I won't go into that there but I'll just say, it is striking, the three countries, the kind of great powers represented here are all neighbors of China. And it is striking how many of China's neighbors take an adversarial view of that country. And as far as India is concerned, a lot of it is because of what they see as lack of reciprocity as well that, you know, China expects to be respected. But that respect does not, and respect its sensitivities et cetera. Those are not reciprocated.

And in the Indian experience, they've noted when they are too accommodating, too respectful, that actually leads to adverse Chinese behavior. And so, their answer has been that yes, they have made very clear that yes, we respect Chinese sensitivities. They, as the foreign minister there said, we have a one China policy, why doesn't China have a one India policy?

So, I think, you know, there is this question. I think there needs to be some kind of interspection in Beijing. That, in fact, for many years most countries actually did show that kind of respect. But so many countries are actually experiencing this shift.

It is striking in the last three years with Australia, India, Japan, the U.S., Europe. This is not because the Trump administration is telling everybody to kind of be more competitive. There is a reason that this trend is fairly secular in that sense. So, I think yes, China has been shown respect but it also has to reciprocate that respect to other countries.

Just very briefly on the South China Sea. I think in some ways for a country like India, the South China Sea is kind of the canary in the coal mine in some ways. What happens when you don't show resolve? And, you know, there's some criticism and there is a huge debate about, you know, why there wasn't more movement from the U.S. from others of what essentially seen in India as a unilateral change of the status quo. And the use of force of the trilateral force to change facts on the ground.

India worries about this deeply because it worries that China will do the same at the India/China boundary. Or potentially closer to it in its own maritime neighborhood. South China Sea is deeply of interest to India. A majority of its maritime trade goes through the South China Sea.

What has India done about it, rhetorically yes, it supports kind of freedom of navigation, over flight, et cetera. The U.S. wants it to do joint patrols. It hasn't gone that far. You have seen coordinated patrols and recently you saw a U.S./India/Japan/Philippines group sail through the South China Sea to send a message.

But you also saw India a few years ago show a contrast in the sense of, you know, losing out in a decision tribunal decision between India and Bangladesh on a maritime dispute. And the accepted the decision, partly to send the message that that is what countries do.

Finally, I'll just say one thing, India has this interesting -- it's one of the points that actually you could build a scenario where India and China could get themselves into some trouble. India actually which has a close relationship with Vietnam has an offshore, one of its state owned oil companies has an offshore, kind of the rights to an offshore oil block there. And China is very unhappy about it, has asked India to give it up. That hasn't happened but you could potentially see that become a little bit of a friction

point.

But I think, you know, in South China Sea, sadly I think many countries think maybe the horse has left the barn in some ways at least and just use it as a lesson. But I think they will hope that the U.S. and allies and partners to more to ensure that it doesn't become even more deeply embedded. Or they will probably all hope that whatever the little bacteria or whatever is that is eating up these islands does their work really fast.

MR. WRIGHT: Ryan.

MR. HASS: Well, I'm very mindful of your time so I will be brief. But on the South China Sea just to pick up on Tanvi's point. My view and I may be a minority in this view is that we find ourselves in sort of a mutually unsatisfying status quo. China cannot push the United States out of the South China Sea without risking conflict. The United States cannot push China off its reclaimed features without risking conflict. So, we're both stuck with each other.

And I take heart, just to provide an optimistic note for us to end on, by the fact that India and Australia and Great Britain and France and Japan and Canada along with the United States have been sailing in the South China Sea over the past 12 to 18 months. I think that's a good directional sign of the fact that this is a more crowded environment which shrinks the space for China to be able to throw its weight around.

MR. WRIGHT: Great. I'm sorry we're actually out of time, unfortunately. I know there's a couple of people who still had questions. But I would like to thank everyone for coming to thank our speakers. The papers are all available online, including the papers previously in this series. And there will be more papers forthcoming in a couple of months. So, I'd like to thank you once again and with that, we're adjourned. Thank you.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

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, 2020