



## **NCAFP Meeting with the Shanghai Institute for International Studies (SIIS)**

**By Donald S. Zagoria  
September 2016**

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### **Introduction**

The NCAFP met with a group from the Shanghai Institute for International Studies (SIIS) on September 13, 2016 to discuss the prospects for stabilizing U.S.-China relations after the forthcoming U.S. elections in November. There was much discussion both about the cooperative and the competitive elements in the relationship. The list of participants is included in the annex.

### **The Importance of Strategic Dialogue**

A Chinese participant argued that one of the “lessons” from the past few years of the Obama-Xi Jinping relationship is the importance of improving the quality and timeliness of high-level strategic dialogue. Both Obama’s “rebalance” to Asia and Xi’s “One Belt, One Road” initiative were undertaken, he said, without adequate discussion with the other side. This contributed to mutual mistrust and misperceptions about the other sides’ intentions.

It was important also, he stressed, to establish strategic goals that were well understood on both sides. In this connection, he contrasted the failure of the climate change talks in Copenhagen in 2009 with the success of the talks in Paris in 2013. The U.S. and China got together to make the outcome a success in 2013 and then continued to stress the importance of the issue in their bilateral strategic dialogues which followed. This culminated in the agreement on climate change reached at the bilateral summit on the sidelines of the G-20 meeting in Hangzhou in August 2016.

In addition to the importance of high-level strategic dialogue, two other “lessons” to be learned from the recent history of U.S.-China relations are the need to correctly manage the issues in dispute and the need to take account of “third parties.” The issues in dispute are now much greater than before and include economics, maritime disputes, military relations, the Taiwan issue and human rights. Third parties such as the Philippines, North Korea and Japan are also playing a growing role in U.S.-China relations.

An American participant agreed on the importance of high-level strategic dialogue as a key component in stabilizing U.S.-China relations. He was much more pessimistic about future relations because of Xi Jinping's crackdown at home and assertiveness abroad and the polarization and gridlock in America. He agreed, however, that early frank dialogue might have contributed to better understanding on each side of the strategic intentions of the other. The major thrust of the "rebalance" or "pivot" to Asia was not anti-Chinese (as Xi and many Chinese seem to believe) but rather a recognition by the U.S. of the rising importance of the Asia-Pacific region in global affairs. By the same token, just as many Chinese believe that the "pivot" is directed against China, it is also true that many Americans believe that Xi's "Chinese dream" has an anti-American element. And they see a relentless anti-West campaign in China.

A Chinese participant said that think tanks and Track II's, like this meeting, should play an important role in dialogue and furnishing ideas. An American responded that Xi's anti-Western attacks and the new NGO law greatly harms this process. The Chinese participant was optimistic that these processes would continue. He said that the planned implementation of the NGO law was being "softened."

### **The Importance of Economics**

A second American participant argued that with the exception of Richard Nixon and a few other U.S. presidents, it was rare for a U.S. president to hold meaningful strategic dialogues. President Obama, he said, did not have real strategic dialogues with anyone, including the leaders of the Republican Party. This participant agreed that the "pivot" and "One Belt, One Road" were not well understood on the other side. But he was skeptical that the answer to this problem lay in increased strategic dialogue.

The American participant argued that the best way to stabilize the U.S.-China relationship was by exploiting the biggest issue in the relationship—namely economics. The two powers were the twin dynamos of the global economy, and if they could forge a cooperative relationship on trade, investment and other global economic issues, both countries and the whole world would benefit.

## **Xi Jinping's Priorities**

A Chinese participant said that during the next four or five years of Xi Jinping's leadership he would have three priorities. The first priority would be on domestic development, including social stability and economic development as well as the situation in Hong Kong and Taiwan. Xi has been pursuing a very broad, ambitious agenda and will need to focus his efforts more selectively. The second priority would be to readjust and to stabilize U.S.-China relations. To accomplish this there will need to be a "honeymoon" period in U.S.-China relations right after the U.S. elections and each of the two sides should exercise self-restraint. Then the new American president and the Chinese leader should send the appropriate senior person to the other side for candid talks. The third priority would be for the two sides to push what they are already doing well on such issues as climate change and they should continue the important military-to-military exchanges that have been so important in improving the relationship.

## **North Korea Issue**

There was much discussion of the North Korean nuclear and missile buildup and participants from both sides agreed that North Korea has become a negative issue in the U.S.-China relationship with each side blaming the other for lack of progress in denuclearizing North Korea while Pyongyang successfully plays Washington off against Beijing.

An American participant warned that a new crisis point would emerge in the next two or three years as North Korea came closer to achieving its goal of developing an inter-continental ballistic missile with a nuclear warhead that could hit the United States. Hillary Clinton has already warned that the U.S. would not tolerate such a development and that it would constitute a U.S. red line. There will be growing pressures in the U.S. to take military action.

Other American participants said that the North Korean issue would be a good test of a real strategic dialogue between the U.S. and China. There needed to be a frank discussion of various Korean contingencies including the collapse of the North Korean regime, Korean reunification, how to take over and safeguard the North Korean nuclear capabilities, how to address the potential refugee crisis, and the deployment of U.S. troops. The U.S. needed to reassure China that a unified Korea would not pose a threat to China.

## **South China Sea**

There was also much discussion of the South China Sea issue. A Chinese participant asked if the U.S. and China could work together to manage the issue. He also asked what the U.S. priorities were in dealing with this issue. Several Americans responded that the U.S. did not take an issue on the territorial disputes involved in the South China Sea but insisted on freedom of navigation. American participants also referred to the recent Hague Tribunal decision which ruled against some of China's most extreme claims. It was important to respect international law. Participants from both sides agreed that it was important to avoid conflict.

## **Taiwan**

There was relatively little discussion of the new situation in Taiwan after the election of a new president, Tsai Ing-Wen, leader of the Democratic Progressive Party (DPP), a party which leans towards independence from the Mainland. A Chinese participant said that China was adopting a “wait and see” policy towards Tsai. However, he said, there is a bottom line and that is explicit recognition of the 1992 Consensus.

## **Conclusion**

Whoever the new president of the United States will be, U.S.-China relations will remain the single most consequential relationship in the region and perhaps the world as there are pressures for both cooperation and competition. Strategic dialogues—whether it be at the official level between the two presidents or at unofficial Track II meetings such as this one—will be crucial to encouraging transparency on each side about each other’s strategic interests while also helping to manage a growing number of differences over issues such as how to effectively address the North Korean nuclear issue and how to avoid conflict in the South China Sea.

**THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY  
PRESENTS**

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**A MEETING WITH THE DELEGATION FROM  
THE SHANGHAI INSTITUTE FOR INTERNATIONAL STUDIES (SIIS)**

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**TUESDAY, SEPTEMBER 13, 2016**

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(in alphabetical order)**

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