



A Conference with the China Institute for International Strategic Studies

**By Matt Pottinger
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Introduction

The National Committee on American Foreign Policy (NCAFP) hosted a dialogue with the China Institute for International Strategic Studies (CIISS) on August 30, 2016 for a wide-ranging discussion on Taiwan, North Korea, and U.S.-China relations in an American election year.

The two sides shared similar views on the importance of Beijing and Washington maintaining a workable relationship, but spoke frankly about how bilateral ties are moving in a negative direction over North Korea's rapidly growing nuclear and missile capabilities and what to do about them. On Taiwan, Chinese delegates suggested Beijing will, for now, "wait and see" whether Taiwan's newly elected president will explicitly embrace a "one-China" policy, which Beijing says is its prerequisite for "peaceful development" of cross-Strait ties. Chinese comments underscored that the "status quo" of what one delegate termed Taiwan's "peaceful separation" from the Mainland was unacceptable over the medium term—words that American delegates interpreted as a shift toward a less patient Chinese policy.

I. The Taiwan Issue

A Chinese participant opened by remarking that, despite the dramatic changes in the Sino-U.S. relationship since 1972, the most "sensitive and important factor" remains the same: the Taiwan issue. The 1972 Shanghai Communiqué, the 1979 Joint Communiqué establishing relations, and the 1982 Joint Communiqué that discusses Taiwan, he said, to this day provide the foundation and guidelines for the U.S.-China relationship. U.S. arms sales to Taiwan are and may continue to be the most important obstacle in the bilateral relationship.

He said the unprecedented 2015 meeting between the leaders of Taiwan and Mainland China sends a clear signal to the United States and to the international community that “Chinese people themselves” on both sides of the Strait have the wisdom and capacity to resolve the Taiwan issue on their own. He characterized the period from 2008 to 2016 as being the best in cross-Strait relations since 1949, with more than 20 agreements reached between the two sides and economic exchange reaching new heights. But sustaining peaceful development of cross-Strait ties is contingent upon Taiwan upholding the 1992 Consensus and opposing Taiwan independence. The “kernel” of the 1992 Consensus, he said, is acceptance that both Taiwan and the Mainland belong to one China. Since President Tsai took office, however, she has remained ambiguous on this point. Echoing Beijing’s official view, he said that Madame Tsai “hasn’t passed the test” on this point and gets an “incomplete” grade. As a result, Beijing has suspended communication between the official Taiwan Affairs Office (TAO) and Taipei’s Mainland Affairs Council (MAC), as well as between the semi-official consultative bodies—the Association for Relations Across the Taiwan Straits (ARATS) and the Straits Exchange Foundation (SEF). The bottom line, he said, is that without her “affirmation or acceptance or some kind of recognition” of the 1992 Consensus, progress in cross-Strait ties will be virtually impossible.

An American participant responded by summarizing what he and several others in the American delegation believe have been encouraging words and signals from President Tsai since her election. In her victory speech in January, Madame Tsai said she would “work to maintain the status quo for peace and stability across the Taiwan Strait.” She affirmed that “the Republic of China constitutional order” would remain the basis for cross-strait diplomacy. In her inaugural address in May, she went further, breaking with her party’s tradition by openly recognizing what she called the “historical fact” that “various joint acknowledgements and understandings” were reached in 1992 between negotiators from Beijing and Taipei. President Tsai didn’t spell out explicitly what these joint understandings in 1992 were. But she appears to have been referring to the same negotiations that formed the basis of the 1992 Consensus, he said. In her inaugural address, President Tsai also endorsed KMT-era laws, including “the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area”—a law whose wording implies the eventual unification of the two sides of the Strait.

The American speaker said President Tsai is a pragmatic leader. Her statements and actions in her first 100 days in office have shown no indication that she intends to push for Taiwan independence or make other provocations. And they indicate a degree of creativity on her part—even at the risk of antagonizing her voters and her party—to build upon the improvement in cross-Strait relations that occurred under her predecessor, Ma Ying-jeou. The view expressed by more than one American delegate was that President Tsai’s statements could be interpreted as an *implicit* acknowledgement of the one-China framework that Beijing is demanding.

The American delegate expressed dismay at steps Beijing has taken following President Tsai's election. In addition to suspending the above-mentioned communication channels, Beijing also established official ties with Taiwan's former West African ally, the Gambia. This seemed to go against an unwritten truce between Taipei and Beijing on poaching one another's diplomatic partners. Beijing's next step might be to target economic links between the two sides, he said. Already, the flow of Mainland tourists to Taiwan has declined by perhaps 30%.

In light of voter sentiments in Taiwan, the speaker said it is highly unlikely that President Tsai will explicitly embrace the 1992 Consensus. Doing so would violate the wishes of her party, her voters and, presumably, her own conscience. In other words, President Tsai doesn't have a mandate from the people of Taiwan to explicitly embrace the 1992 Consensus in the manner that Beijing is demanding. Even some KMT officials admit it might be political suicide for Tsai to explicitly announce such a policy. On the other hand, she has signaled a willingness to deal creatively and flexibly with Beijing. And this includes working within a framework that Beijing could interpret as an implicit acknowledgment by President Tsai of the one-China framework.

Another American delegate suggested that what is needed is to move beyond 1992 and to create a "2016 Consensus." This would be an understanding between Taipei and Beijing built within a framework of realism. It would require that Beijing be open and willing to seize upon the positive material that President Tsai provided in her speeches. And it would require that Beijing countenance some degree of ambiguity. Ambiguity has been a tried and true lubricant for so much of China's successful diplomacy. It was indispensable to the Shanghai Communiqué, for example, and it was integral to many of President Ma Ying-jeou's positions on cross-Strait ties. Why give up on ambiguity when the alternative is excessive rigidity—the harbinger of coercive policies that would lead cross-Strait and Sino-U.S. ties to a dark place?

A Chinese delegate responded that he believes Beijing's policy for now is to "wait and see" whether Madame Tsai will embrace the one-China framework. He and others in the Chinese delegation expressed distrust of her, citing the "pro-independence platform" of her party and calling her the architect of the "two-states theory" promulgated in the 1990s by President Lee Teng-hui. The delegate encouraged Washington "to try to convince" her of the importance of taking steps toward the one-China framework, saying it is in interest of the United States.

An American participant said it was a contradiction for the Chinese side to say Beijing and Taipei can resolve cross-Strait problems on their own, while simultaneously encouraging the American side to, in effect, “twist President Tsai’s arm.” The participant asked the Chinese delegates whether Beijing would truly be satisfied even if President Tsai explicitly embraced the 1992 Consensus. He said he hears with increasing frequency from Chinese friends who say Beijing is dissatisfied with the status quo, and that Beijing is growing impatient—a change he finds worrisome. Chinese colleagues used to say that time was on the Mainland’s side, but that sentiment is rarely expressed these days, another American delegate said. Has the Mainland view changed? And if so, why, given that cross-Strait geography remains what it has always been, economic ties are increasing, and cultural ties remain strong? He suggested that the “missing piece” to moving Taiwan closer to the Mainland is to make the Mainland’s political system more attractive to the people of Taiwan—something that isn’t helped by heavy-handed policies on the Mainland and, increasingly, in Hong Kong, too. That is the essence of the dilemma Beijing faces, and it’s something only Beijing can resolve, he said.

Addressing the apparent contradiction in welcoming U.S. involvement in cross-Strait matters, a Chinese delegate said that America played a role in Taiwan’s move away from the Mainland. It stands to reason, then, that Beijing wouldn’t object to any country or organization promoting closer relations between Taiwan and the Mainland. “We’re only against bad interference,” he said.

He and other Chinese delegates then addressed the questions about Beijing’s apparent shift toward a less patient policy. The status quo of separation will not be tolerated indefinitely, they said. It won’t be tolerated for decades, much less for centuries, one delegate said, adding “I can’t tell you a specific deadline.” This is a core interest and it is one that Beijing will risk war to achieve if necessary. “We can’t allow this status quo of separation, peaceful or not, to continue endlessly. We have to find a way to solve it.” One Chinese delegate redefined what an acceptable status quo would be: constant movement toward closer ties between the Mainland and Taiwan. “The status quo shouldn’t be viewed as a static one, but a constantly improving one.” Another delegate said that when Chinese say “time is on our side,” they refer to the trend of China becoming stronger and stronger. The Taiwan question can be settled peacefully or by war. He said that if it is by war, no one should blame the Mainland.

II. North Korea

A Chinese delegate to the conference made a presentation on a range of topics related to North Korea, including Beijing's opposition to South Korea hosting missile-defense infrastructure, North Korea's nuclear ambitions, the internal situation in North Korea, and relations between Pyongyang and Seoul. He described the situation on the peninsula as "volatile and complicated." He echoed official views in Beijing that Seoul's decision to host a Terminal High Altitude Area Defense (THAAD) radar station is exacerbating tensions on the peninsula. "It breaks the original strategic balance," he said. He said that while it is nominally aimed at North Korea, judging from its capacity "it is mainly aimed at China and Russia" and that Washington evidently ultimately seeks to make South Korea part of a global anti-missile system. "Fragile, strategic, mutual trust is compromised." He suggested that THAAD is serving to revive and intensify an arms race. China and Russia have strengthened cooperation and taken measures in response; the presence of THAAD will also increase tensions on the Korean Peninsula, encourage more missile tests by Pyongyang, and generally harm efforts to solve the North Korean nuclear problem, he said.

Regarding efforts to curb North Korea's nuclear program, the Chinese delegate said the situation is deadlocked, with diplomacy at a standstill despite the efforts of several countries. The Democratic People's Republic of Korea (DPRK) remains firm in its intention to proceed with its nuclear activities. "Byungjin," or "parallel development" of the economy and nuclear weapons, is Pyongyang's stated national policy. He diagnosed U.S. policy as having changed from one of strategic patience to one of paralyzing North Korea to promote change. Recently, Washington introduced new sanctions that North Korea said are equivalent to a declaration of war; Pyongyang has cut all contact with the United States, including the so-called United Nations channel. He said another nuclear test cannot be ruled out. He urged all parties to "meet halfway" and return to dialogue, suggesting the Six-Party Talks as the most realistic and effective channel. Sanctions, he said, are "means, not purposes."

As for North Korea's internal situation, he described it as "basically stable." Pyongyang has strengthened internal controls, carried out revolutionary education and propaganda campaigns, and replaced senior staff with the effect of consolidating Kim Jong-un's power. Management of the economy and investment in infrastructure are gradually improving; special economic zones are taking root, he said. The economic growth rate has since 2011 been, by and large, positive, and the DPRK is invigorating its diplomacy, sending a team to the Olympics and dispatching high-level officials to Africa and the United Nations. In short, despite facing tough international sanctions and isolation, Mr. Kim has "established his own power authority and structures and has full control of political and military power." Most North Koreans are already used to hard lives. The possibility of a military coup or regime collapse does not exist now.

The atmosphere of confrontation between North and South remains strong, he said. Cooperation, exchanges, and dialogue have been suspended, including the closure of the Kaesong industrial complex. He characterized South Korea's policy as being one of pressure to contain the North Korean regime or foment its collapse. His assessment of long-term trends was pessimistic. New problems are being layered onto old ones: it is not just a matter of historical grievances between the North and South, but of serious conflicting interests between great powers. Unification is far away. He urged that all sides replace confrontation with dialogue.

An American delegate responded that he agreed with the assessment that Mr. Kim has consolidated power and that there is only a low chance of internal instability in the near term. He said the term "red line" has mostly disappeared from U.S. rhetoric. Washington said more than once that it found unacceptable this year's nuclear test, land-based missile tests, and test-launch of a ballistic missile from a submarine. But there has been no mention of red lines, and the United States has done little beyond organizing U.N. sanctions.

In the view of the American delegate, North Korea's leadership has decided it can continue to evade sanctions and "muddle through," while continuing to build its nuclear arsenal to deal with Washington from a position of rising military strength. He cast doubt on the future of the Six-Party Talks, saying he saw little enthusiasm from Chinese contacts. North Korea has itself suggested that Six-Party Talks are not the way forward. What Chinese and North Korean officials have conveyed, he said, is the need for direct dialogue between Pyongyang and Washington—something Washington isn't ready to accept unless Pyongyang is prepared to talk about denuclearization. He said the Obama administration since 2011 has followed a policy of strategic patience that rests on three assumptions: 1) Time is on Washington's side, meaning North Korea may collapse under pressure; 2) North Korea can be strategically isolated; and 3) China will come around to support the U.S. position. All three assumptions have proven to be questionable, especially the third assumption. China and the United States, he said, seem to be drifting farther apart over North Korea. The introduction of THAAD is pushing Beijing closer to Pyongyang and farther from Seoul. He asked the questions: What is North Korea's goal in all of this? What does North Korea want going forward? Another American asked whether North Korea might use or threaten use of its nuclear arsenal to forcibly reunify South Korea.

A Chinese delegate responded that North Korea's nuclear and ballistic missile programs are motivated primarily by a desire to secure the regime. North Korea, he said, is a small country that is no match for the combined military force of America and South Korea. He said Pyongyang's short-term strategy won't change, but suggested that if the "security environment has changed," such as through a deal between the United States and North Korea, Pyongyang might have second thoughts about its need for a nuclear capability. A second Chinese delegate dismissed the notion that North Korea would use its nuclear capability offensively.

There was a lively back and forth over the significant gap between Chinese and American perceptions of the intentions and capabilities of THAAD. Chinese delegates contend that the THAAD X-radar would be able to see 1200 kilometers—far beyond the range needed to counter North Korean missiles. That makes it as much a tool of reconnaissance into China as an instrument of defense against North Korea, he said. He said China made a sacrifice to support U.S. led sanctions against North Korea, in the process damaging Beijing’s relationship with Pyongyang. Yet the U.S. moved ahead with deploying THAAD without consulting the Chinese side.

More than one American voiced their surprise at the intensity of Beijing’s opposition to THAAD. Beijing was, in the words of one American delegate, “making a mountain out of a molehill.” The system is designed and aimed at protecting against North Korean missiles; China would be able to easily nullify any perceived disadvantage posed by THAAD by fielding enough missiles to overwhelm the limited number of U.S. kill-vehicles that the United States would be able to field. China also has ballistic missile submarines against which THAAD is useless. He said, in a view seconded by other Americans, that Washington would gladly trade THAAD for North Korea ending its nuclear program, and invited Beijing to help bring about such an outcome. Another American reiterated that information shared by the future South Korean THAAD radar station wouldn’t hurt China’s second-strike capability, and said the rancor in Beijing seemed to be politically motivated rather than security-based—a testament to the difficult state of Sino-U.S. relations. Another American participant said it would be “political malpractice” for any U.S. leader to neglect defending against the North Korean missile threat, particularly when North Korea is issuing direct threats to obliterate specific U.S. cities, and even releasing videos depicting such strikes.

An American asked a Chinese delegate whether the “Iran model” of particularly tough sanctions, like those that resulted in the 2015 nuclear accord, could be replicated in the case of North Korea. He also asked whether China would consider a unified, democratic Korea as a strategic defeat for China.

The Chinese delegate responded that the Chinese side is supportive of unification of the Korean peninsula. “Our principle is let them talk themselves and decide this issue.” As for the Iran model’s applicability, he said we can learn from that experience, whose outcome was widely welcomed by the international community. But the model cannot be “transplanted” to the Korean peninsula, which he said is a more complex case. Dialogue, he said, is the best way to solve this problem; sanctions alone can’t achieve anything.

III. Sino-U.S. Ties and the U.S. Election

A Chinese delegate spoke of the increasing inter-connectedness of China and the United States through investment, trade, and people-to-people contacts, and focused his comments on what he believes are U.S. misjudgements about China's strategic intentions. It is a misjudgement, he said, that China seeks to achieve equal footing with the United States in the international arena. It is also wrong, he said, that China's military forces are being built to belittle the United States or evict it from the region. Yes, there are elements of competition in the relationship, as the reactions to the American rebalance in Asia, and to China's Asian Infrastructure Investment Bank and "One Belt, One Road" policy have shown. But there are also important examples of bilateral cooperation, such as in the areas of counter-piracy, anti-crime, academia, public health, and climate change.

He said that a "hard-line mood" toward China is gathering momentum in the United States, and that the election season has exacerbated the trend. Changes in the balance of power have also contributed to the trend, and have triggered a rethink of a "hegemonic mindset" in the United States. Trends and thoughts that are emerging include nationalism, trade protectionism, populism, and isolationism. Internal U.S. politics play a role, too, he said. All of this makes the bilateral relationship harder. He stressed the importance of Washington and Beijing finding ways to get along with one another. The reasons, he said, are obvious: the two countries account for one-third of global GDP and one-fourth of the world's population. Chinese have watched the U.S. election campaigns with a degree of worry. Hillary Clinton "created doubts in the minds of Chinese people" during her tenure as secretary of state. And Donald Trump is unpredictable and has displayed little knowledge about foreign policy.

An American delegate agreed on the importance of putting U.S.-China relations on an even keel. But there is a high degree of strategic mistrust between the two sides, he said. China is the only country that could have prevented North Korea from threatening the United States as it now does, he said. China's moves in the South China Sea are a constant irritant. Scarborough Shoal is a potential flashpoint, he said. The possibility that the United States would take military action over attempts by China to turn Scarborough into a base is a possibility.

As for the U.S. presidential election, Hillary Clinton is an architect of the “rebalance” and she will probably continue with that policy, he said. The year 2020 is when the shift of 60% of U.S. Air Force and Navy assets to the Asia-Pacific region will be complete. The Trans-Pacific Partnership (TPP) is probably dead, given the political difficulties of resurrecting it, he said. Mrs. Clinton might be tougher than President Obama in Asia, and her space for compromise may be reduced. She probably won’t change her mind about the South China Sea, given the historic rights issues tied up with China’s “nine-dash line.” Regardless of whether Mr. Trump or Mrs. Clinton wins, the next president may well determine he or she has no choice but to deal with the North Korean nuclear threat. This could come in the form of military action. If Mr. Trump wins, we will have more people “learning on the job” than typically is the case with a new administration, given that so many Republican Party East Asia experts won’t support Mr. Trump. Mr. Trump has suggested to the press that South Korea and Japan should build their own nuclear arsenals, which isn’t good for China. He may sell more weapons to Taiwan. There are downsides for China in a Trump victory, he said.

Another American said U.S. tax codes may change to force multinationals to keep less of their money overseas, which could impact China. Trade policy will be another area that could see dramatic change.

A third American proposed the establishment of an Asia security forum—that is, a major multilateral forum to talk seriously about security issues in ways that ASEAN and the East Asia Summit do not. The U.S. State Department is actively interested in this. Some say the East Asian Summit could be adapted to this role, but that Beijing isn’t willing to go along with this. Is that true? And if so, why?

A Chinese delegate said Beijing’s overarching national priority is the near-total elimination of poverty over the next five years. Government leaders at every level are being asked to make specific promises for what they will achieve and how they will do it. One Belt, One Road is another signature project. And military reform is a third. “Wherever you look, there’s reform going on in China” and Beijing doesn’t want security issues to interrupt economic development, he said. He added that while the United States accuses China of a lack of transparency, Chinese feel the same way about the United States. “We don’t know who to listen to; who has the right to implement policy in US?” he asked. This creates mistrust and misjudgement, he said.

An American delegate asked the Chinese side to explain whether there are differences between Premier Li Keqiang and President Xi Jinping in the way of economic policy. A Chinese participant said Mr. Xi sits atop all of the leading groups, gathering best ideas from throughout the land, and sets the goals and general direction, such as prioritizing poverty elimination and making China a “moderately prosperous society” by 2020. Another delegate said the Party decides where to go, then the Premier, who leads the executive function of government, is responsible for figuring out how to implement it. The principles are decided collectively within the standing committee of the Politburo. “There should be no fundamental differences on policy” between the two leaders, he said.

IV. Conclusion

In sum, there was a frank discussion of the key differences straining the U.S.-China relationship. At the same time, there was a shared recognition of the many issues on which Beijing and Washington cooperate and a common desire to find ways to help stabilize the relationship.

THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY

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