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Transcript

CHINA IN THE WORLD PODCAST

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Episode 66: Interpreting the South China Sea
Tribunal Ruling

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Haenle: You are listening to the Carnegie–Tsinghua China in the World podcast: a series of conversations with Chinese and international experts on Chinese foreign policy, international role, and China relations with the world, brought to you from the Carnegie–Tsinghua Center located here in Beijing. I’m Paul Haenle, the director of the Carnegie–Tsinghua Center, and I’ll be your host.

We’re coming to you today from the margins of the fifth annual Tsinghua World Peace Forum taking place on July 16 and 17 in Beijing at the inaugural session in 2012. President, then vice-president Xi Jinping gave the keynote address which helped to secure the forum’s status as one of China’s most important high-level international security and global affairs conferences. Each year, the forum attracts Chinese leaders, military, defense officials, and leading international experts and former heads of state from around the world. One of the distinguished guests participating in the forum this year is Elizabeth Economy, the CV star senior fellow and director for Asia studies at the Council on Foreign Relations. The Carnegie–Tsinghua Center invited her this year to participate in the Carnegie–Tsinghua panel on U.S.-China relations this year at the World Peace Forum and Liz, we’re delighted to have you here with us to participate in the Forum, thank you very much.

Economy: It’s a great pleasure, Paul, thank you.

Haenle: You know, in the days leading up to the World Peace Forum, of course, we’ve seen significant developments in the regional security area that of course permanent court of arbitration in The Hague announced its ruling between China and the Philippines over the South China Sea, we’ve had the announcement of the Terminal High Altitude Aerial Defense System THAAD by the end of 2017. Did you coordinate all these events to make your visit to China more interesting?

Economy: I just wanted to bring a little excitement to your life here, Paul, in Beijing—yes, exactly right.

Haenle: And also in all seriousness, I do want to start out with the topic that is on everyone’s mind which is of course the Court of Arbitration’s ruling in The Hague. Based on China’s rhetoric and their public relations efforts in the lead-up to the award, it seemed clear that no matter what was decided they were not going to be persuaded that their claims were not legitimate. Looking at it in the near term, how do you see [it]? Is there a way to avoid an escalation of tensions? And confrontation, are there off-ramps, possibilities for off-ramps, how do you see the situation now?

Economy: Well I think, certainly in the immediate aftermath of the award, the Chinese government’s response has been pretty much true to form in the sense that they have rejected the validity of the award, they referred to the Court, you know, as a puppet court controlled by external forces and they’ve even held up the threat to potentially calling for an air identification zone over the south China Sea.

Haenle: If their security is threatened.

Economy: Right, if their security threatened. You know on the other hand, quietly they said to the United States that they will practice restraint. And I think the Philippines has behaved admirably and has had a pretty quiet response to their victory, and they’re looking now to send a high-level

representative to Beijing to try to move forward, right, to try to find a path out of this. You know, I think we're looking for off-ramps, as you mentioned. I think there are probably a number of stages that you could think about. In the beginning some easy early steps, things that the Chinese have raised themselves before, you know, corporation on environmental protection or marine protection. I think, you know, another stage might be looking to joint development—you know, fisheries exploitation, you know, oil, gas, if there are any reserves in that area. And then the third stage and the most difficult one would be trying to develop some kind of reduction of tensions, you know, both on the Scarborough shoal and the Thomas shoal. So I think if the Chinese are interested and I think there is some interest there in ratcheting down tensions but not losing face, there are ways for them to do it.

Haenle: And in your interactions this week, has there been a sense that [the Chinese leaders are] ultimately over the long term—they're not looking for confrontation but they care very much about the sovereignty issues obviously, but ultimately your sense this week is that there may be some possibilities for moving this to a better place?

Economy: Right, I think based on a few discussions with some scholars, you know, there is a range of opinion here and I think that's probably true in the government itself as well. There is a range of opinions but I think everybody is interested in deescalating tensions; nobody is interested in some form of an accident that sort of bursts into something more.

Haenle: And how about the U.S. response to date, and you know, how have you seen that? Would you suggest, I mean, in terms of a U.S. role, what could be most useful going forward? How should the United States be thinking about this?

Economy: Well, I think the United States should continue to do what it has been doing right, that is that it takes no position on the sovereignty claims themselves. You know, it is obviously supporting the strengthening of capacity of countries like the Philippines and Vietnam in various ways, you know, to protect themselves in maritime domain enhancement; but other countries are also involved and I think that's critical. So I think, you know, the fact that Japan, Australia, India, [and] a lot of other countries are engaged in sort of South China Sea issues is important, because we don't want this to be seen as a bilateral conflict between the United States and China. Anything we can do to reduce this sense of that, I think, is very important to take it out of a competitive framework. I also think that in some respects, the role of the United States should be diminished at this point because what you really want is to have countries that are party to the United Nations Convention on Law of the Sea to be the ones to step forward and say 'okay, we'd like to see,' you know, 'China adhere to UNCLOS.' [The United States is] not party to it, we don't really have much credibility on that front, but a lot of other countries are, so I think there are some opportunities there as well.

Haenle: Does [the dispute] give any momentum in the United States for potentially joining ratifying [UNCLOS]?

Economy: I think, at this very particular point in time, UNCLOS is going to be the furthest thing on mind for president Obama and Congress. He's got so many other things on his plate right now,

but I certainly I think it's another indication for the next president that this is something we really ought to be moving forward on.

Haenle: Yeah, I agree. And then more longer term, I mean, how does the international community—the United States, other countries in the region ultimately—is it possible to persuade China to buy into this rules-based order that we see in the region? Can we get them to live with the current status quo and see it in their interest to hold some of the advancements that they have made today?

Economy: You know, I think it is at various points, again, they themselves have said, 'okay now we have done enough. We have built up enough.' And so, I think there have been points where we have gotten a lot of what we've wanted, right. There is still more to be had but I think there is sympathy, there is understanding certainly within parts of the Chinese government that this sort of posture is undermining a lot of the positive energy that they also developed through all the good things they do with regard to the regional economy.

Haenle: Right, with helping countries.

Economy: You know, I think, you know, there are certainly elements in the Chinese government that would like to ratchet things down.

Haenle: Let me shift gears if I could, because another regional issue which is obviously important and we've had important developments with regard to it is the issue of Taiwan and the recent election of Tsai Ying-wen. In April, you visited as part of a Council on Foreign Relations delegation and you met with the leaders of both the KMT and DPP. I assume you met with the president-elect at that time. What were, could I just ask, what were some of your takeaways from that trip? How do you foresee cross-strait relations proceeding under the new president of Taiwan?

Economy: Sure. So yes, we were able to meet with both President Ma Yingjeou and President-elect Tsai Ying-wen, as well as a range of other senior KMT and DPP soon-to-be leader. You know, my sense for president Ma and the KMT [was that] what really mattered was that the legacy of sort of peace and stability across the cross-straits, across the straits as well as the burgeoning economic ties that had been developed over the past eight years were not rolled back, you know, that to the extent that really the Taiwan issue was off of the, you know, flashpoint sort of agenda for the United States and China and Taiwan. It stayed off and I really think that was an accomplishment, and I think they wanted that legacy to continue.

I think for President-elect Tsai, what I took away from our meeting with her was really her focus was overwhelmingly domestic, you know, what she was really interested [in] was rejuvenating the Taiwanese economy—what are they going to do to get young people jobs, how are they going to take of the ageing population the sort of social welfare net pension system? There were a lot of creative ideas floating around in our discussion there, and she wants peace and stability as well. I think you can see from the comments that she made in the lead-up to her inauguration, her speech, and everything she has done since, you know, none of that has been designed to cause tensions with Beijing. I think she has done everything she can to balance her, you know, domestic pressure and constituencies with the knowledge of, you know, you have Beijing sitting, you know, not too far away. I think the challenge has been frankly the mainland

and I think it's unfortunate, but the mainland has taken a number of steps, you know, most significantly of course, stopping, you know, diplomatic engagement with Taiwan but also recognizing Gambia. We happened to be there at the very time when there was the issue of the repatriation of Taiwanese citizens from Kenya and we were in a meeting with one of senior officials who was trying to deal with this issue and he couldn't get his Chinese colleague on the phone and, you know, to me that just suggests that China was not doing anything to make it easy. The real issue—and I am not sure that the China PRC government appreciates this—again, they are undermining Ma Yingjeou's legacy and alienating the Taiwanese people further and long term what they are doing is so detrimental to their interest. And I think this is sort of putting short term pain on the Taiwanese and the DPP and, you know, going to earn even longer term pain.

Haenle: At some point, the academic sense is the same as yours, I mean I was China director for two years in the NSC. My first year was when Chen Shuibian was president and the second year was when Ma Yingjeou was president, and there was a huge difference, as you can imagine, and my sense is that, you know, Chen Shuibian was you could call him a revolutionary. I mean he had independence in mind and he was pushing it off, and I get this sense—and you've met her recently—that Tsai Yingwen, as you sort of described as more pragmatic,] is not necessarily wanting to push the envelope on the issues that Chen Shuibian did. Do you think that over time the Chinese will see that? Do they understand that she is more pragmatic? Was it an issue of expectations for them that they had too high expectations for her? That she would be able to accept the 1992 consensus. I mean, why are we in this situation where they have cut off diplomatic relations and have put it in sort of the current situation that is it?

Economy: I don't think that they had expectations that she would accept the 1992 consensus. My sense is that they consider her current behavior, her current action, to be tactical in nature; that secretly she is Chen Shuibian. You know there is very deep distrust against her.

Haenle: And the party, and the party probably, in the DPP.

Economy: Right, [distrust of] the DPP as a whole, but really of her in particular and so [Chinese leaders] don't trust what she is doing now. They think over the long term she will start to push the envelope and so they are looking to have her sign on to the 1992 consensus, to affirm it because they think that it would be a marker that now they can trust her. But I don't think that the expectations were high that she would do it.

Haenle: Interesting. Well before we let you go we, definitely want to talk about the issue of U.S.-China relations. It's the issue of the panel today, here at the World Peace Forum, and specifically looking at the Obama administration over the last seven plus years. We're coming up to the end of the Obama administration and we want to look at what his legacy on China is. I know your work at the Council on Foreign Relations has also been examining the legacy of Obama's rebalancing to Asia what some people refer to as the pivot. How would you assess the legacy of the Obama administration? Give us a sneak preview of what you're going to say today and the rebalance to Asia, and what is your outlook going forward to the next administration?

Economy: You know, in terms of president Obama's legacy, I think the most important to that is clearly the rebalance itself, or the "pivot," because I do think it is a fundamental assertion of U.S.

values, freedom of navigation, free trade, and democracy or good governance, if you prefer. And I think the strengthening of our alliances and the development of new partnerships with countries like Vietnam and India, I think, really speaks to an appreciation within the region for what President Obama has made America stand for. I think it's been, I think he has done a really great job, and I think the energy that has come again in the region, right, to try to constrain assertive behavior has been really important; so it's not just about the United States and China. You have all these other countries now engaged, a number of rising powers within the region, and I attribute a lot of that also to President Obama. I think the administration has been quite encouraging of that kind of effort. I think the sort of U.S.-China relationship clearly...

Haenle: Can I push a little bit on the rebalance, a couple of my personal concerns?

Economy: Sure.

Haenle: Did you get the sense, I mean, because I was here living in China when the rebalance was announced and I agree with you. The points, the elements that you describe are very important, the allies and building partnerships in the region. It was announced in a fairly dramatic way, which brought a lot of attention and at the time it was led really with a security effort, and in China of course it was seen, [it] reinforced views that ultimately, we're trying to keep China down or contain China. Do you think that those elements that I have described have had a negative impact on their ability to carry out the rebalance? And how will it affect it going forward?

Economy: I don't think that China's response has had a negative impact on the U.S. ability to carry out the rebalance. I think we are really moving forward on the security front in a very robust manner, I think with the Trans-Pacific Partnership on the economic front, you know, we've gotten to a point where it needs to be ratified that will be somewhat problematic unless it will get done in the lame duck period. I think in [terms of] good governance, that's always sort of lower profile. Longer term you don't see all the results but I know we're very active in Myanmar and others of the Asian developing countries in really important ways. So, you know, did it cause a stir in China, did they think as you're suggesting that we were trying to contain them? Absolutely. And let's face it—part of the pivot rebalance was a response to Chinese assertive behaviour. It's not clear to me that there would have been a pivot or rebalance, had the region itself not called for the United States to become more deeply engaged again in part because of more assertive Chinese behaviour.

Haenle: And countries in the region asking us to...

Economy: Exactly, and countries in the region asking us to be there. So, I'm not terribly concerned about how the Chinese look at it because they are partially responsible for the existence of the pivot and rebalance.

Haenle: And one other issue that I worry about sometimes is that it's announced in an era of dwindling resources, at a time when we can't really seem to extract ourselves from the middle east or Ukraine and other problems around the world. How does that impact our ability to carry it out? I mean [what is], in your view, the resource issue and just what is happening in the rest of the world?

Economy: Right. I mean, no doubt it makes it more difficult, complicates matters, but I think we've made progress along the way. We haven't not fulfilled part of our commitment, there is more to be done, we have to fully realize the pivot and rebalance in the next administration, but I think it certainly represents a step up from the previous administration's commitment to the region as a whole in this regard.

Heanle: You know, I would agree with you that the elements are the right elements. My own view is, you know, we haven't in the past when we've adjusted our presence in the region. We just sort of did it. My one other concern, another concern I have, is that if you announce it in such a dramatic way, it puts all the attention on whether or not we can carry it out, as opposed to what the principles should be for countries to behave in the region, and we've sort of taken our eye off that a little bit and people really focused on whether or not the US can carry out the pivot. I'm concerned about the TPP, as you said, because if we're not able to pass the TPP in the lame duck, I think it gets harder after that and if we're not able to carry out the TPP, I don't know how we can claim victory on the rebalancing that was announced in the Obama administration.

Economy: Right, I mean, I agree with you. It will be a significant hit to our credibility, but there is no way that you do a trade agreement quietly. I mean a trade agreement effort, you know, has to be pushed and announced and requires an enormous effort on the part of, you know, Mike Froman and his team, and it is just ongoing, you know, negotiation after negotiation. There is nothing sort of low key about that process. I mean, you can say that for every trade agreement that we've pushed, if you see NAFTA, KORS or whatever it is. I think there is another element, though, to the announcement aspect of the pivot and rebalance, and that is that we were coming out of the financial crisis and that was a period of time when the Chinese government was sowing its own oats feeling as though China was on the rise and the United States was on the decline, and I think we kind of needed to send them a message that 'hey, we're back now.' But we've never left and so I think that is probably partly responsible for that announcement aspect, which you are right, puts a greater onus on us actually to fulfil what we've set out to do.

Haenle: I, you know, was in the Bush administration and the Obama administration, and I would argue that we never really left the region. Certainly, we had other things that we were dealing with—the Iraq war, and the war in Afghanistan, and the war on terrorism. But I think we were still committed to the region, and my own sense is—because of my time staying in the Obama administration—my own sense is there was also a political element, [a] domestic political element to the rebalancing, which is to say to the American people, you know, the Bush administration spent a lot of time in parts of the world outside of the Asia-Pacific. [In the] Asia-Pacific, [looking forward in the] the 21st century, there is going to be prosperity, which means jobs back home. I think there was a huge domestic element to it which then I think led to the very fanfare with which it was announced it was more of a domestic piece to it, would you agree with that?

Economy: I think you are better positioned to make that claim and I don't think it sounds unreasonable to me, it sounds reasonable but I guess I think that it was also driven by the necessities of the region, the fact that president Obama really does see himself, having spent all that time in Indonesia, as having a vision for Asia, as having a personal tie to the region that he also wanted to develop. There may have also been an element of the fact that, you know, the administration went in, I think, with a very positive attitude about improving relations with China,

and that did not come to fruition early on and his first trip to China was not a big success. And so I think the pivot rebalance is also an acknowledgement that doing business with China, you know, one-on-one was not going to be easy. And again they were already becoming more assertive and I think, again, the pivot rebalance sort of addressed those kind of issues as well.

Haenle: It sounds to me like we agree on elements of the rebalance, we agree that, you know, strengthening our alliances, strengthening our diplomatic presence, economic presence, trade presence in the region are all important. I think what we might disagree with is on the tactics of how it was done and that's largely the concerns that I had. But I agree with you I think, we need to put more emphasis on the Asia-Pacific going forward, and the rebalance was a good start at doing that.

Well thank you very much Elizabeth for spending time with us today. That's it for this edition of the Carnegie–Tsinghua podcast. I encourage you to explore our site, and see the work of all our scholars at the Carnegie–Tsinghua Center. Thanks for listening and be sure to tune in next time.