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Transcript

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## CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Michael Green**

Episode 82: Trump's First Test in Asia, Part II  
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**Haenle:** To this point, Donald Trump has telegraphed that [what] would be on the bilateral agenda, of course, are addressing the imbalances in the trade relationship, the economic relationship, the commercial relationship—as you know—our businesses operating in China are feeling less welcome now. North Korea will be on the agenda. In fact, they’re doing a policy review right now. And then issues related to the South China Sea. On North Korea, we have seen since February now, the North Koreans have done just this month alone, two missiles tests—one which included multiple missiles earlier this week to kick off your visit. We didn’t do it, by the way, to time it to your visit. But it did kick off your visit. North Korea and the leadership is widely believed to be behind the assassination of Kim Jong-Nam, the half-brother of the leader Kim Jong-Un. Diplomatic relations during the time of your visit here to Beijing between Malaysia and North Korea have deteriorated to the point that neither country now will allow their respective citizens to leave.

Following the latest missile test, we saw the United States and South Korea begin to roll out the first pieces of the missile defense system, the THAAD system, in South Korea. President Trump got on the phone and talked to the Japanese prime minister, the acting South Korean president, and he emphasized ironclad commitment to stand with Japan and South Korea in the face of the serious threat posed by North Korea. You’re here in China this week, the Chinese foreign minister Wang Yi held a press conference yesterday, and called on North Korea to suspend its nuclear program but at the same time cautioned the United States in unusually frank language to say that the United States and South Korea should not deploy this THAAD system, vehemently opposed by the Chinese side. He used a phrase, saying the two sides are like two accelerating trains coming toward each other. The question is, are the two sides really ready for a head-on collision? From your discussions this week, I’d like listeners to get a sense of main takeaways from this week and the Chinese position. How frustrated are they? What, if anything, are they willing to do about it? Why are they opposed to the missile defense system, and how much tension do you think this will cause in the relationship that China has both with the United States and South Korea?

**Green:** In early 2005, President Bush sent me to Asia with letters for the leaders of China and Japan and Korea. When I came to Beijing, I was taken to deliver the letter personally to President Hu Jintao, which was a surprise to me and a big change in protocol, given that I was just special assistant to the president. And later North Korea that week tested missiles, and the *New York Times* says it was because of my visit—

**Haenle:** It seems to happen every time you come.

**Green:** Well the *New York Times* actually had an article where somebody said it was because Hu Jintao saw me. So maybe you made a mistake inviting me. Anyway, Wang Yi—who went to Georgetown University where I teach and worked on the Six Party Talks process—is a very experienced diplomat, very knowledgeable, [but] his metaphor is wrong. This is not like two speeding trains heading toward each other. This is like a speeding train heading toward a giant mountain. The speeding train is North Korea, and the giant mountain is the United States and the U.S. alliance system. And if China doesn’t want a big collision, it’s going to have to focus on slowing down that train, slowing down Kim Jong-Un’s rapidly accelerating tests of missiles, nuclear weapons, and his demonstration in Malaysia that he’s prepared to use biological warfare. Kim Jong-Nam was reportedly killed with VX agent, which is a biological agent that North Korea

has and could mount on missiles to hit U.S. forces in Japan. That mountain, the U.S.-Korea alliance and U.S.-Japan alliance, is not going to move. And the move that was made to deploy THAAD to Korea, our ongoing exercises with South Korea, a likely increase in defense spending and resources for this regions by the U.S., and increases in U.S.-Japan-Korea cooperation, including missile defense—all these things are going to keep happening because the mountain can see the collision coming. People on the mountain are putting up more bricks and more stones to defend themselves.

The Chinese side has made very clear its opposition to THAAD deployment, but no American president is going to remove THAAD because of Chinese objections. Of course, it is an important goal for the United States and for South Korea to work with China to help resolve this problem, but the highest moral responsibility of any leader is to protect their people. That's true for the United States, and that's true for South Korea. And China's proposal, Wang Yi's proposal to freeze missile launches in exchange for a decrease in U.S. exercises, is not going to be accepted by Seoul or Washington because both the United States and South Korea have to defend themselves, and we're not going to say, well in order to help Chinese diplomacy, we're going to leave our troops to Kim Jong-Un, who clearly is willing to use nerve agents, continue to develop nuclear weapons and ballistic missiles. Impossible. And I think basically impossible for South Korea.

**Haenle:** Talk about South Korea, because a lot of people talk about South Korea, the political turmoil that you see in South Korea, the fact that a potentially liberal candidate could come into office and potentially change their policy with respect to North Korea, be more accommodating and try to do more with the north. Maybe move away from THAAD. Is that a possibility in your mind? You hear a lot of this in China, but it may be wishful thinking. I wanted to get your perspective.

**Green:** Wishful thinking. Korea is a divided political culture, the left and right are at odds. Perhaps people in Beijing thought if they keep raising opposition to THAAD, they could carry out a classic united front strategy, isolate the conservatives who are strongly supportive of THAAD, and build up opposition to THAAD among liberals and investors and business. It didn't work. It had the opposite effect.

**Haenle:** They're putting quite a bit of pressure on South Korea through economic means and tourism—

**Green:** It's a big mistake. Yes, Korea is a smaller country than China and it depends on the Chinese economy for its growth. But again, the Korean government's highest obligation is to defend their people, and this threat is very serious, not only for U.S. forces but of course for South Korea. And I think the Chinese side completely miscalculated, because even if the progressive camp wins, no Korean president can say, we're going to disarm in the face of this North Korean threat. It's not going to happen. I think that the Chinese side knows that. I think they know they miscalculated. I think you'll see them soften their tone. The public now is quite angry about THAAD because of a lot of, frankly, misinformation about the THAAD system. There will be some bumps in the China-Korea relationship, but it's in China's interests to get past that, because they're just going to drive Korea closer to Japan, closer to the United States, in building up resistance to China and North Korean politics.

**Haenle:** I've been struck by the kind of things they've been doing with South Korea, the Lotte department store, they've stopped construction of that in the northeast part of China. A South Korean airline, I think Jeju Airlines, was looking for new routes, and China disapproved those. They're lowering the number of tourists coming to South Korea, apparently coming right out of the tourism ministry, these announcements. It's clearly economic pressure that they're applying to South Korea to change the political calculus of political leaders in South Korea. It's the kind of thing that we're sort of asking the Chinese to do to North Korea but they say they're principally against sanctions and economic pressure. If you were sitting in the National Security Council as senior director for Asia, writing the memo for General McMaster and President Trump, about the kind of ways we should move forward to get the North Koreans to stop and reverse and eliminate the North Korean nuclear program, what are the elements of the strategy that you recommend?

**Green:** First, let me quickly touch on this retribution and retaliation against Korean firms. This is a very self-defeating move by the Chinese side. Either by fomenting popular boycotts or by actively having a hand in it, the Chinese government risks two long-term consequences. One is that Korean companies will be much more hesitant to investment in China. The assessment of political risk will go up. Frankly, the Koreans will do what the Japanese did when this happened to them, which is diversify their investment to India, to Vietnam, and especially to North America. The Koreans are good businessmen, and they're going to factor this in as a long-term risk even if it stops in a few months. The second effect is, for those in the United States or Japan who think we should be using economic tools against China, we don't. We don't single out Chinese firms that are involved in the dredging of the South China Sea. But there are voices in Washington, in Tokyo, and even in Europe in some places, that are saying to get China to change its behavior, we need to target companies and punish them. For the most part, businesses—

**Haenle:** You hear that in the context of North Korea. Secondary sanctions.

**Green:** Not just North Korea. The South China Sea, Taiwan, human rights. If China uses these mercantile weapons, they open themselves up. Because in the U.S. system, it's much more difficult to use economic tools, because our private sector is so much more important to Congress and state governments. But China is going to find that in the U.S., this creates more support to do in the United States what China is doing to South Korea, which would not be good. On the memo to McMaster, I would say number one, we have got to defend our people and our allies. That is a much higher priority. We won't trade our defense and security and deterrence against this very significant and growing threat in order to get diplomacy. You and I have worked in the Six Party Talks, Paul, they're important, we work very hard on them. It's pretty obvious now that you get very limited returns, if any returns at all, on diplomacy. That's number one. Number two, let's try to think of ways that we can limit the North Korean threat. We're not...in the medium- to long-term, we need to set up conditions through sanctions and pressure and yes, perhaps some dialogue, that we convince North Korea to give up nuclear weapons. But in the foreseeable future, that is just not going to happen. Our strategy that has been aimed at that, at trying to get them to change their calculation to give up nuclear weapons, that's not going to happen under Kim Jong-Un.

**Haenle:** It's not going to happen through dialogue by itself. That's for sure.

**Green:** And I'm frankly skeptical that pressure, that we or China can mount enough pressure that Kim Jung-Un will decide to give up nuclear weapons. I just think, for his survival, he sees it as too important. That's a longer-term strategy. We should look at creating the pressure and diplomatic environment where he or his successor decides it's not worth having nuclear weapons, we should constantly do that. But in terms of results, we're talking a longer-term prospect. So, in the near-term, what I would say to General McMaster is, let's get some immediate reduction of the threat. Not with a freeze or something that North Korea would easily violate that would require us to not do our priority, which is to defend ourselves. Let's find some very specific cases where the United States and China and other like-minded countries intercept North Korean ships, stop North Korean planes, produce containers or cargo holds with missile parts, with precursors for reprocessing, things related to North Korea's missile and nuclear programs, entirely consistent with the authorities of the U.N. Security Council resolutions. Let's do that and showcase it. Let's show that the United States and China are working together to reduce the threat—not for regime change, but like policemen. To catch the robbers. If China really did that and the American public and Congress would then say, okay, we're on the same side as China. They're helping us in very specific ways catch the bad guys' dangerous materials. This is not easy work. Our Chinese friends tell us this is hard work. But that's exactly why it's so important and would be so powerful as a symbol of U.S.-China cooperation.

**Haenle:** So the presidents... apparently, President Trump and President Xi, word is that they're going to meet fairly soon. Maybe in the United States, potentially in Mar-a-Lago. There's a North Korea policy review ongoing in the agency being led by the National Security Council. Do you expect this to be on the agenda? What would you expect to see at this first meeting between the two presidents? You've also talked this week about Prime Minister Abe from Japan, his successful trip to the United States. He went to Washington, D.C., he flew down on Air Force One to Mar-a-Lago, did I think 36 rounds of golf. They seem to have figured out how to have a good visit. What lessons should the Chinese take away from that?

**Green:** Abe had a very good visit. So did Prime Minister Trudeau of Canada. One reason is because they are very strong politically at home, and there is not that much anti-American nationalism in Japan, really, so they had room, both of them, to work on the relationship and not produce a result, although Abe did get one. So, I think Xi Jinping is in a strong position politically, but I think there's more popular anti-Americanism and nationalism in China that will make, frankly, limit what he can do. He'll have to look stronger in a way Abe or Trudeau didn't. But that said, I still think he can have a pretty successful summit. I think he should avoid asking for things or demanding things. That will trigger Donald Trump's negotiating.

**Haenle:** We saw this from the Australian prime minister.

**Green:** The Australian prime minister, the Mexican president. Big mistake. Understandable, but big mistake asking for things. The One China Policy confirmation, that's enough for now. I think what Xi Jinping should spend his time on is, number one, reviewing U.S.-China relations. Trump's criticism of Japan is based on the 1980's. He really doesn't know much about modern Japan. Abe spent about 70 percent of the meeting talking and describing what's going on in Asia, what's going on in Japan. Without demanding or pressing, just simply reviewing U.S.-China relations, the benefits, some of the difficult areas, and especially the benefits.

**Haenle:** My sense is if President Xi talks about what he's trying to accomplish here in China, with respect to their economic reforms and creating jobs, I think there would be some crossover.

**Green:** As you recall, Jiang Zemin did that with President Bush and it had a big impact. Jiang described what they were trying to achieve in China.

**Haenle:** 25 million jobs, I think.

**Green:** Every year, yeah. The president wrote in his book, the number one thing those presidents talked about was how to create 25 million new jobs. I think that's a good idea. President Xi should describe his reform plans, his domestic aspirations. Don't negotiate right away. And then, what Abe did in creating a long-range strategic dialogue in economics between Vice President Pence and Deputy Prime Minister Abe is kind of an interesting model. I personally don't think that the Trump administration will continue the Strategic and Economic Dialogue. I kind of doubt they'll do that. I don't think the Chinese side should put too much weight on that. It's different from...more important than having the structure is getting the right people on the two sides talking. So a good outcome for U.S.-China relations would be some initial thought on who on each side would inform the dialogue and report back to the presidents.

**Haenle:** I think the Chinese side has expressed their hope that the Strategic and Economic Dialogue continues—

**Green:** Right.

**Haenle:** And so it will be interesting to see what the administration does. I agree with you, I think it requires a real looking at this thing to see how it can be done in a way that's frankly more effective for the United States and for the relationship. So the question is what do they do the first round. Do they keep it the first round and then discuss together what new framework they could put together? Or do they sort of cancel it without anything in mind in terms of what to do going forward?

**Green:** I have no opposition to the Strategic and Economic Dialogue, but I think if the relationship waits for the Strategic and Economic Dialogue to start up again, we'll have a huge vacuum. I don't think the relationship needs to hang on that structure. I think it's more important that the two leaders establish some trusted confidantes the way Bob Zoellick or Dai Bingguo or Hillary Clinton [did], and begin reviewing the relationship and put it in a process. It's very important that the Japanese asked for Vice President Pence. They were worried that Peter Navarro or more nationalistic or mercantilists people would immediately try to negotiate trade concessions and so on and so forth. It's important to have trusted counterparts talk about the long-term vision for U.S.-China relations. Don't announce a big new model for great power relations. Don't look for a big headline, or a big six character phrase. Start getting the right people together to start building the pieces to report back to the presidents to get a process going. The Strategic and Economic Dialogue will take too long to set up. It'll be a vacuum. They'll be huge fights in the United States on who's in and who's out.

**Haenle:** What should we expect at this first meeting? What's your sense?

**Green:** A good photo.

**Haenle:** A photo op.

**Green:** A photo op. Xi Jinping is not going to have the same warm relationship that Abe did. They're different people, the relationships are different, and I don't think President Xi plays golf, although I don't know.

**Haenle:** Not that I'm aware of. It seems the most important thing, by the Chinese people at least, is to be treated with respect by the Chinese president.

**Green:** That was true for Trudeau and Abe. They need to show their public they were treated with respect and they were. I think in some ways that may be the most important thing. Show a certain amount of respect. I like your idea of describing Xi's strategy for the Chinese economy, and listen to Donald Trump, ask him what his vision is as two leaders try to understand each other. And try to come out of this with some idea of who between the two governments can continue the dialogue—not in a huge S&ED, but something like the Zoellick-Dai Bingguo dialogue to prepare for the next meeting or the meeting after that.

**Haenle:** Mike, we've really enjoyed having you out here in Beijing this week. We'd love for you to come back. Thank you for doing the China in the World podcast second go-around. We welcome you back for a third go-around. We really enjoyed talking to you about these issues today. Thank you for spending time with the center today. That's it for this edition of the Carnegie-Tsinghua China in the World podcast. I encourage you to explore our site and see the work of all our scholars at the Carnegie-Tsinghua Center. I also encourage you to buy and read Mike Green's new book, *By More Than Providence: Grand Strategy and American Power in the Asia-Pacific Since 1783*. I think it's available on Amazon and Kindle, is that right?

**Green:** Apparently you can get it faster in China and Japan than you can in the United States.

**Haenle:** Thanks for listening, and be sure to tune in next time.

**Green:** Thank you.