



**CARNEGIE-TSINGHUA**  
CENTER FOR GLOBAL POLICY

---

Transcript

---

## CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **J. Stapleton Roy**

Episode 61: U.S.-China Relations and the South  
China Sea

March 27, 2016

**Haenle:** From the Carnegie–Tsinghua Center in Beijing, China, this is the China in the World podcast, hosted by Paul Haenle. I'm here with Ambassador Stapleton Roy, member of the Carnegie Board of Trustees, in town this week visiting the Carnegie–Tsinghua Center for our annual Carnegie Global Dialogue series. Ambassador Roy is a distinguished scholar and founding director emeritus of the Kissinger Institute of China and the U.S. at the Wilson Center in Washington. He has long experience in China, in fact was born in China, joined the U.S. Foreign Service immediately after graduating from Princeton in 1956, and spent 45 years in the Foreign Service, retiring with the rank of Career Ambassador, the highest in the Foreign Service. He has served not only as ambassador here in China, but also as ambassador in Singapore and Indonesia. Ambassador Roy is now at the Wilson Center and is heading the newly created Kissinger Institute. Ambassador Roy, welcome to the “China in the World” podcast and thank you for visiting the Carnegie–Tsinghua Center.

**Roy:** It's nice to be here, Paul, thank you.

**Haenle:** You mentioned during our roundtable discussion this morning that, for the U.S., the world ends in 2016. No one in Washington is thinking, in many ways, beyond the elections, and certainly the U.S.-China relationship faces a number of short-term challenges in the months ahead. This includes uncertainty about China policy of many of the leading presidential candidates. But I want to take a step back first and ask you, given your long experience with China, to talk a little bit about your long-term perspective on the relationship. How would you describe the basic course of U.S.-China relations and do you expect that to continue in the coming decades?

**Roy:** That's a very good question, because I think that there's no dispute over the fact that the U.S.-China relationship is one of the most important we have in the world. Arguably, it's the most important. Unlike many of the foreign policy issues that we face nowadays, in the Middle East or this new confrontation in Europe between Europe and NATO on one side, and Russia on the other side, the U.S.-China relationship and the growing strategic rivalry between the two countries, if it goes in the wrong direction, will have horrendous implications for east Asia, for the world, and for the United States and China. But on the other hand, there's a realistic possibility of a better outcome, because we have had enormous problems in the bilateral relationship; in fact, before we could establish diplomatic relations, we had to deal with one of the most difficult issues, which was Taiwan. We didn't fully resolve that issue, but we were able to resolve enough of it to permit a positive development in the relationship after we established diplomatic relations.

So, my view is that optimism is not only deserved based on the historical record, but is necessary, because if you're pessimistic about the relationship, you will overlook opportunities for addressing bilateral problems and multilateral problems that we have to deal with. If you are positive about the relationship and optimistic, you're looking for ways to try to improve the relationship, and that means you're more sensitive in spotting opportunities to work together. And, I think some of those opportunities exist. For example, I think Americans were surprised when President Xi Jinping, during his visit to the United States last fall, on the White House lawn, said that China has no intention to pursue militarization of the Spratly Islands. And, at the same time, he referred positively—he called for full and effective implementation of the Declaration on the Conduct of Parties in the South China Sea, and he called for speedy conclusion of the consultations on creating a code of conduct, which is one of the provisions that is referred to in the

declaration on the South China Sea. So these are the building blocks for trying to move from a tense relationship in the South China Sea into a more positive relationship.

**Haenle:** Yeah. Let me ask you—you mention strategic rivalry being one of the bigger problems, one of the more important challenges that we face. In your view, what issues are at the core of this rivalry?

**Roy:** I think the issue that is at the core is that China has been unable to defend itself effectively in much of modern history. In the 19th century, its wars were fought inside China, and mostly lost. In the 20th century, its wars were fought on China's borders, and some of them were successful and some of them were not successful. But China is now a large, much more prosperous, developing country that is growing rapidly, and clearly China needs the ability to defend its territory. And that means that military modernization in China is a necessary action by China, and we Americans should understand that. But continuing Chinese military modernization is eroding the dominance the United States has enjoyed in air power and in sea power in the western Pacific over the last 25 years since the collapse of the Soviet Union and, arguably, during most of the post-World War II period.

If China's military modernization begins to erode the confidence of our allies—that the United States will be able to give them the support they will need if China were to undertake aggressive actions against them—then China's military modernization is not simply serving the goal of defending China more effectively, but is undermining a core U.S. national interest, which is maintaining the credibility of our alliances in the western Pacific.

On the other hand, if the United States is committed to maintaining the traditional dominance that we have had in the air and sea realm over the last 25 years, then China can't be confident it can defend its own territory. So, the options are fairly clear to me. We either end up in a competition of economies, to see which economy is more able to support a high level of military spending in the competition with the other country or we have to try to stabilize a balance between the United States and China. What should the balance be based on? Well, in my judgment each country needs to be strong enough to deter actions by the other that would threaten their core interests, but on the other hand neither side should be so dominant that other country feels threatened by those capabilities. Is that an impossible goal? The answer is: no.

But, secondly, it shouldn't be simply viewed in terms of the military balance, because the quality of the political relationship is vitally important in assessing whether there is a threat. For example, [the U.S.] doesn't feel threatened by Japan, we don't feel threatened by the countries in Europe that have strong military capabilities, with the exception of Russia now, where we're having the confrontation over Ukraine.

In 1971, when Dr. Kissinger made his secret visit to Beijing, at that time we had a hostile relationship with China, and Chinese forces before the visit were lined up with the hostile forces that we had to deal with in a confrontation with the Soviet Union, even though relations between China and the Soviet Union were bad at the time. But after his visit, the same forces all of a sudden shifted over to our side of the Cold War. So, in other words, if we want to contain the strategic rivalry between the United States and China, we shouldn't view it as a narrow military problem; it's a question of whether we can create a relationship with China, so that two strong military forces can operate in close proximity to each other in the western Pacific in ways that are not viewed as threatening by either side.

**Haenle:** So, how important, then, in your view, is the relationship among the top two leaders, and how much will this determine how this issue of strategic rivalry—whether it's resolved or not going forward.

**Roy:** Well, you referred to the top two leaders. If they are leaders, it's vitally important. If they're not leaders, then it's less important. I think we have top leaders in both countries, and I expect this to continue; if they don't want to have good relations between the two countries, it's going to be very difficult to have a good relationship. But, if they are determined to have a good relationship—it won't be an automatic process—but then you have the top-down guidance and the support in overcoming what I would call “bureaucratic rivalries between different departments of government that may have a different view of what needs to be done,” so that you have a much better chance of being able to overcome obstacles and establish a relationship which is satisfactory to both sides and hopefully one in which the cooperative aspects outweigh the strategic rivalry aspects.

**Haenle:** You spoke this morning at the roundtable about the South China Sea, and that one has to make a distinction, in looking at the South China Sea, between the Paracel Islands on one hand and the Spratly Islands on the other. Can you explain that? What implication does this have for U.S. policy regarding the South China Sea as a whole? Are we recognizing this distinction now? Is this something we need to do a better job at?

**Roy:** I don't think we are adequately recognizing the distinction. If we look at China's behavior pattern over the last 40-some years, what we see is that China considered it necessary for its national interest reasons to have control of the Paracel Islands. So, as early as 1974, China took military action to expel the South Vietnamese forces that were occupying the Paracel Islands and to establish a military occupation of the Paracel Islands by China. And, the islands have essentially been militarized ever since. So, when Xi Jinping talks about not engaging in militarization of the Spratlys, he's talking about a separate group of islands and reefs from the Paracels.

So, in the case of the Paracels, China needs to have total control. In the case of the Spratlys, China has had a different approach. First of all, it was a latecomer to occupying the islands. All of the other claimants had already established outposts in the Spratly Islands before China established its first outpost. Secondly, China has said that it's prepared to negotiate a resolution of the conflicting territorial positions. Now, China has settled many of its land borders with neighbors, and in settling the land borders there's a give and take on territorial issues. If you recall, the most recent one, or one of the most recent ones, was the settlement of the Sino-Russian border in which they actually split one of the islands in dispute so that the Russians occupy half of it and the Chinese occupy the other half.

So even though China claims all of the islands in the Spratlys, there's reason to believe that they do not insist on having total control of the islands, and unlike the Paracels, ever since '74, China has not used military force to try to oust the other claimants who have established a position in the Spratly Islands. In the case of the Philippines, they have shown that they are not willing to let somebody now establish a stronger position on any of the islands, and that was reflected in the dispute over Mischief Reef, where there was a pending clash between the Chinese and the Philippines. So, we need to understand that distinction, because at the moment, Americans are tending to think of the South China Sea as a whole, without understanding the different approach that China has outlined in dealing with the area within the Nine Dash Line.

Now, the problem that is most difficult, is the ambiguity in the Chinese position on key aspects of its position in the South China Sea. It's never defined what the Nine Dash Line represents. It's never clarified what its position is on the ocean areas within the Nine Dash Line. A formal statement of the Chinese position by the foreign ministry has said that China only claims the islands and reefs and adjacent waters. That would suggest that large areas of the area within the Nine Dash Line are international waters.

But, China behaves, on fishing issues and on other types of issues, as though it somehow has a proprietary right within the Nine Dash Line, but it's never clarified that position. So, this is a potential area of misunderstanding between the United States and China. At the moment, freedom of navigation is not really being interfered within the South China Sea. It is important, however, for the United States to periodically make it clear that our understanding of international law is that our warships have the right of innocent passage and of freedom of navigation in the South China Sea area.

**Haenle:** And, we've begun to do that again after a long break.

**Roy:** We do this with all countries in the world where we have disputes over the exercise of such rights, and we're completely transparent about it. It's not directed just against China. We do it with Japan, we do it with the Philippines, where we have differences, in fact we do it with dozens of countries every year and we publish these lists at the end of every year.

**Haenle:** One of the things you said this morning, however, is that the U.S. needs to make sure that it avoids the impression of being overly focused on military balancing; and, I'm wondering how you think the U.S. could position themselves better in the region, in the South China Sea for example, going forward to avoid that impression?

**Roy:** Well, first of all, we have to distinguish between the Paracels and the Spratlys. Recently, as you know, China put some missiles on—

**Haenle:** Woody Island.

**Roy:** —Woody Island, which is in the Paracels. And, some people said that this undermined President Xi Jinping's statement about having no intention to militarize the Spratly Islands. But, the Paracels are different from the Spratly Islands; the Paracels have always been militarized, and the Spratly Islands have not. China has put in the infrastructure necessary for militarization, and it has recently put some radars into the area, but they haven't put in all the ancillary equipment that would be necessary to carry out true militarization of the islands.

So, it seems to me, that the president of China doesn't speak rashly on such issues. And, if he said he's not going to pursue militarization, we should understand that to be the Chinese position until they change it. So that means it, we shouldn't let this issue become militarized through constant clashes between our exercising of freedom of navigation or of innocent passage in the South China Sea, and Chinese resistance to that type of activity. That doesn't mean we shouldn't do these activities, but it means that we have to show good judgment in how frequently we do them, and in what the potential consequences are of doing them at any particular time.

**Haenle:** You mentioned, at the beginning of the podcast, the code of conduct as sort of looking out to the future. How do we get there? What's the path to get there?

**Roy:** Well, we're an outside party in this. The code of conduct is to be negotiated between the 10 southeast Asian countries who are a member of the Association of Southeast Asian Nations and China. Now is actually a good moment to move ahead, because the Chinese official who signed the Declaration on the Conduct of Parties with respect to the South China Sea is the current foreign minister. So, he's intimately familiar with these issues. And, there was a provision in that declaration from 2002 that there should be a code of conduct negotiated. There have been preliminary negotiations between the various parties and they haven't moved ahead. But President Xi Jinping, in Washington, called for speedy conclusion of those consultations. It seems to me, that's an opportunity for the claimants and the non-claimants, because they're also involved in negotiating the code of conduct, to see if they can stabilize the status quo in the South China Sea. That could provide a framework, so that we don't have these constant tensions over what's permissible and what is not.

**Haenle:** You served as ambassador to Singapore and Indonesia and at a time when the administration was working hard to achieve closer U.S.-ASEAN relations. President Obama just met in Sunnylands with ASEAN nations. What do you see, in terms of the future here, regarding U.S.-ASEAN relations going forward?

**Roy:** I think we need to understand that the organization, ASEAN, the Association of Southeast Asian Nations, is really important to maintaining stability in east Asia. Because we have large powerful countries in the north of east Asia: Japan, South Korea, North Korea, China. And, we have these countries of differing size, but in many cases very substantial size—Indonesia has 250 million people, and in island expanse, equivalent to the lower 48 states in the United States. But you also Vietnam, Philippines, and Thailand that have very large populations; and then you have Laos, Cambodia, Myanmar, Malaysia, Brunei that have much smaller populations.

And, yet these countries were able to come together decades ago, before the end of the Vietnam War, and establish an association on their own which has enabled them to not let the territorial disputes between the various countries in southeast Asia, and all of the other frictions they have on a whole range of issues, from disrupting their solidarity. That is a very important factor, because if southeast Asia is warring with itself, then stronger, more powerful countries to the north can cherry pick. They can try to line up certain members of southeast Asia with themselves, and it's more difficult for them to do so.

So, a very important part of U.S. rebalance to Asia, that's separate from the military component which everybody focuses on, is that we now have an administration—we've had it ever since President Obama came into office—that's paying attention to southeast Asia. And there's a reason for that. President Obama, as a child, lived for quite a few years in Indonesia, and he's reflected that in the fact that he's visited southeast Asia and just recently hosted a summit meeting of the southeast Asian countries. That is the type of approach to the region that our future administrations should pay attention to, because if we neglect southeast Asia we will show that we have a giant gap in our strategic understanding of the approach to maintaining peace and stability in east Asia.

**Haenle:** Well, thank you very much, Ambassador Roy. It's a pleasure to have you on the podcast, and it's a pleasure to have you out here at the Carnegie–Tsinghua Center for our annual Carnegie Global Dialogue and we hope that you'll come back soon.

**Roy:** Great, pleasure to be here. Thank you.

**Haenle:** Thank you.