



Next Generation Views
on U.S.-China Relations



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Pacific Forum CSIS

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The Young Leaders Program invites young professionals and graduate students to join Pacific Forum policy dialogues and conferences. The program fosters education in the practical aspects of policy-making, generates an exchange of views between young and seasoned professionals, promotes interaction among younger professionals, and enriches dialogues with generational perspectives for all attendees. Fellows must have a strong background in the area covered by the conference they are attending and an endorsement from respected experts in their field. Supplemental programs in conference host cities and mentoring sessions with senior officials and specialists add to the Young Leader experience. The Young Leaders Program is currently supported by Chevron, the Freeman Foundation, the Luce Foundation, and the Yuchengco Group, with a growing number of universities, institutes, and organizations also helping to sponsor individual participants. For more details, see the Pacific Forum CSIS website, www.pacforum.org, or contact Brad Glosseman, director of the Young Leaders Program, at brad@pacforum.org.

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The views expressed here represent personal impressions and reflections of Young Leader program participants; they do not necessarily represent the views of the relevant governments, or the co-sponsoring or parent organizations and institutes.

Introduction

By Dan Baart

Though the national and strategic interests of the two nations can be very different, participants at the latest U.S.-China Strategic Dialogue pursued the same goal, with the same motivations. The participants, both Chinese and American, realized years ago that the rising power and influence of Beijing would require a new approach by policy-makers in Washington, and that only a dedicated and cooperative effort by both countries would help to ensure future peace and prosperity. Attempts at improving relations have been in the works for sometime now, and progress has been slow. Though the new administration in Washington promises a more concerted engagement with China, several observations from these discussions suggest that key issues could impede further progress.

To start, there are normative and cultural barriers to Sino-U.S. relations, each with an unquantifiable degree of influence on bilateral affairs. Discussion of this issue was of particular interest to Young Leader participants and tended to dominate our meetings. The most significant was evident during sessions regarding international pressure on China to become more transparent in terms of strategic capabilities, doctrine, and military spending. U.S. participants acknowledged – some reluctantly – the suggestion that the concept of transparency may not have the same cultural or linguistic qualities in China as it does in the West. Indeed, there was agreement that the Mandarin translation has negative connotations; the word for transparency (*tou ming du*) implies an unwelcome or forced extraction, rather than a reciprocal and voluntary exchange. *Gong kai hua*, meaning “openness,” invokes a more fair and amicable process that implies trust and being open to sharing. The level and character of the transparency desired in the U.S.-China relationship demands this voluntary approach and both sides need to feel it is in their best interest. This is not the case today, and premature efforts to accelerate this process will yield a desultory response.

Added to this linguistic element is the assertion that strategic transparency is a comparatively new idea for the Chinese. The most militarily transparent states in the world, concentrated around NATO, have been reporting their expenditures, capabilities, and doctrine for decades. Considering this, several Chinese participants suggested that Beijing’s limited efforts to placate concerns about its military intentions have been admirable in light of its brief acquaintance with the concept. A general lack of openness in governance was also blamed for depriving China of official transparency.

Critically, it is not that cultural differences impede Chinese efforts in truthful military reporting, but rather that they demonstrate the lack of desire on the part of Beijing to be open in such matters. This intransigence is likely rooted in Chinese considerations of the immense disparity in overall military power between the United States and China, and the understandable benefits of leaving potential rivals guessing about capabilities. This approach does not sit well with Washington, and rightly so; the Chinese have posted staggering economic growth numbers in the last generation, and these have fuelled military spending that some estimate exceeds \$100 billion per year.

While some U.S. observers may be losing sleep over the rationale for this arms build-up, the Chinese are equally concerned about U.S. intentions toward Taiwan. This dialogue revealed a tendency on both sides to discount the other's fundamental concerns which is a serious impediment to progress. While it is true that the United States has exercised restraint in its arms sales to Taiwan – including numerous refusals to sell a variety of weapons systems – China remains acutely suspicious of U.S. military support to what it considers a breakaway province. Chinese urge the Americans to be forthright in their relations with Taipei, while the U.S. response, at least as I witnessed in Hawaii, was the verbal equivalent of eye-rolling. Some U.S. participants believed that the Chinese were eager to reduce all topics of discussion to a debate over Taiwanese sovereignty. This suggested that Washington had long ago recognized Beijing's anxieties on the subject, and that it was time to move on. Evidently, the Chinese do not agree.

Is it ridiculous to link transparency with a frank discussion on Taiwan policy? A dialogue process aimed at addressing U.S. plans regarding future involvement in a dispute over Taiwan in exchange for Chinese concessions in revealing military capability and doctrine would go a long way toward achieving more bilateral trust. While the U.S. participants repeated several times that they do not see Beijing as a rival like Moscow in the 20th century, they often used Cold War examples to illustrate points regarding strategic transparency and the bilateral relationship. A residual effect of Cold War politics is, to some extent, now informing the U.S. approach to China. The stubbornness in not addressing the issue of Taiwan is a remnant of the “who lost China” debate, and a worldview that sees even partial disengagement from Taiwan as unthinkable, despite potential benefits. With increasing confidence-building measures being implemented between Taipei and Beijing, and the virtual exorcism of the capitalism vs. communism contest from the international arena, this mindset seems anachronistic. This is not to say that Washington should stand aside if China attempts to coerce Taiwanese reunification, but rather that the U.S. should take Taipei-Beijing relations into account when deciding upon support that could be detrimental to the U.S.-China relationship.

In an instance of differing generational perspectives, Young Leaders – particularly those from Asia – seemed to find Cold War analogies less than useful. While some of us have memories of the last years of the Soviet Union, most young scholars and observers see the rise of China as a stand alone event, entirely different from the power politics of the Washington-Moscow era and firmly rooted in the present strategic environment.

One Cold War analogy did elicit interesting discussion on the part of the Young Leaders. In discussing the current state of relations, it was noted that during the height of the Cold War, Washington and Moscow preferred to increase dialogue during emergencies. Yet, Washington and Beijing – who are on considerably better terms – often curtail or halt dialogue during crises, even in areas unrelated to the dispute. This seems to suggest that while Moscow and Washington were more belligerent, they were also, ironically, much closer. This seems nearly unthinkable given the greater economic interconnectivity of the China and the U.S.

This U.S.-China dialogue suggests that while track-two dialogues may be a useful tool for maintaining contact during breaks in top-level relations, a steady, constant program of extensive and frank discussions is needed to make the initial steps necessary to begin to break ground on more contentious issues (human rights and the environment, for instance.) Strategic cooperation will require each side to acknowledge the concerns of the other; a *quid pro quo* approach to mollification should yield positive results for both sides and allow for discussion of more pressing issues. Until this happens, there is likely to be little progress.

Challenges that could Disrupt Sino-American Relations

By Brian Harding, David Santoro, and Qinghong Wang

Introduction

Each of the three scenarios discussed in this paper identifies a potential challenge that could derail Sino-American relations in the medium term. We then explain what could trigger these challenges and, most importantly, what could be done at the present time to prevent them.

These challenges should not be seen as forecasts about the future of Sino-U.S. relations. The authors have not chosen them because they believe them likely. Instead, they were chosen because research shows that they represent *possible* eventualities. Thus, in this paper we are policy planners.

Policy planners do not characterize events as likely or unlikely. The reason is that an event deemed likely may *not* materialize and an event deemed unlikely, on the contrary, *may* end up materializing. The job of policy planners, therefore, is to describe *possibilities*, i.e., possible courses of action, explain how they can develop, and suggest ways to move toward the most desirable outcome (and avoid the most dangerous one).

Through these exercises, policy planners help shape the policymaking process. Based on an assessment of all various possibilities as well as on available resources, policymakers can better choose a specific policy option.

Three scenarios described below include:

1. A Sino-U.S. Strategic/Nuclear Arms Race
2. A Sino-U.S. Competition for Oil Contracts in Iraq
3. Alliance commitments push China and the United States Into a confrontation

Scenario 1: A Sino-American Strategic/Nuclear Arms Race

The problem

China and the United States increasingly see each other as potential adversaries: their respective military plans and force structures are framed with the other in mind. While China is slowly but surely (and opaquely) expanding and modernizing its small and relatively primitive nuclear and missile arsenal, the United States is reducing its nuclear arsenal, but developing some of its missile forces, gradually deploying ballistic missile defense systems, and perfecting state-of-the-art conventional weapons.

China and the United States are not in a strategic arms race, defined as a rapidly escalating and mutually reinforcing cycle of responses to each other's military developments. In the medium term, however, there is a risk that they could slip into such a race, after a

gradual arms escalation. This would amplify the latent elements of competition between the two countries (as China seeks to play a greater regional role as its power grows and the United States seeks to maintain primacy in the region) and, in turn, prevent the establishment of a stable regional order necessary for prosperity in the Asia-Pacific and beyond. At the extreme, a Sino-American strategic/nuclear arms race could lead to a military (maybe a nuclear) clash between the two countries over Taiwan or Japan.

The Triggers

It is notoriously difficult to identify arms race triggers simply because it is often unclear whether they are actual triggers or mere accelerators of trends already in place. Was the 1957 Sputnik launch a U.S.-Soviet arms race trigger or accelerator? Moreover, arms race triggers are not always “visible.” An action deemed benign by one player may be considered extremely threatening to another. Thus, Beijing considered the U.S. arms sale package to Taiwan in October 2008 a threat to its security whereas Washington insisted that these were only defensive weapons.

The Solutions

Preventing a strategic/nuclear arms race between China and the United States requires the continuation and intensification of programs promoting military exchanges between the two countries. Mutual military transparency should be fostered, military-to-military cooperation should be deepened, and confidence-building measures should be concluded. As this process develops, China and the United States will gain confidence in their respective capabilities, plans, and intentions and will gradually find it possible to agree on an arms control agreement, whose purpose will be to frame and generate predictability in the bilateral military relationship.

A workable arms control agreement should allow the United States to deploy modest ballistic missile defense systems to protect against “rogue states” – and the agreement should also allow the United States to maintain sufficient nuclear forces to preserve its deterrent. As for China, the agreement should allow it to preserve its minimum nuclear deterrent posture while being able to trump U.S. defenses and survive a U.S. first strike.

The authors note that the time is ripe to move this agenda forward because Sino-American relations are currently sound. It would be unwise to wait for (inevitable) difficult times to make progress on these issues.

Scenario 2: Competition for Oil Contracts in Iraq

The Problem

China has been on a quest to secure energy supplies to fuel its economic development. Not content with simply buying oil and gas on the spot market, it has aggressively pursued long-term supply contracts. However, most Middle Eastern oil and gas is either controlled by the states themselves or already locked up by Western companies,

leading China to look to countries where the West has been reticent to invest, such as Iran and Sudan. In these cases, the United States has voiced disapproval, but has not come into direct competition for resources with China due to its own policies.

The Triggers

The likely stabilization of Iraq and the opening of its vast energy markets for investment may bring the United States and China to loggerheads. China will likely seek equity stakes in Iraqi oil fields, as a stabilized Iraq will be a unique opportunity for China to secure large, reliable contracts. However, the United States is likely to resent Chinese entreaties to the Iraqi government, feeling that it is "owed" energy contracts for the blood and treasure it has spent in the country. While the United States risks giving the impression that the Iraq war was at least in part about oil, it will likely use all its tools of influence to encourage Iraq to grant U.S. companies rights to its oil resources.

The Solutions

The United States should clearly state that it does not seek concessionary energy contracts for U.S. firms in an independent Iraq. This will be met with frustration in certain domestic camps, but will be beneficial for U.S.-China relations, relations with partners in Iraqi stabilization and reconstruction, and relations with the fledgling Iraqi government itself. China will be satisfied with the opportunity to invest and will be deprived the opportunity to label the United States a hypocrite. The United States can stem suspicions of coalition partners and many others in the international community that suspect oil was part of the decision to invade Iraq while avoiding a conflict with the government of Iraq by ceding ground on this issue.

More broadly, the United States and China should discuss perspectives on energy investments in the Middle East and Africa in their regular consultations. The United States should understand China's feelings of vulnerability in terms of securing reliable energy supplies. China should understand – and at times give ground on – U.S. calls for limiting investment in countries with questionable regimes.

Scenario 3: Alliance commitments push China and the United States into a confrontation

The Problem

China is accelerating expansion of its blue-water navy to not only protect Chinese sovereignty but also to protect China's rapidly growing commercial interests and security concerns in international waters. However, the U.S. alliances in Asia with countries such as Japan and the Philippines, who have territorial disputes with China, try to balance China's rising influence by dragging the U.S. behind them.

The Triggers

With the protection of Chinese administrative vessels, China's civilian ships are going to appear more and more often in the outer reaches of China's Exclusive Economic Zones. As Chinese economic development projects are extended to disputed areas in the East Sea and around the Diaoyu Islands, the situation could become contentious.¹ U.S. allies could send naval forces to interfere with these Chinese activities, which could lead to the involvement of both the PLAN and the U.S. Navy. China could accuse U.S. allies of infringing on China's sovereignty and using military force against Chinese civilians. In turn, the United States might criticize China for changing the status quo and threatening regional security without recognizing China's claims of sovereignty. As a result, the U.S. could be dragged into a direct confrontation with China due to its security alliances with these countries.

The Solutions

The U.S. and its allies should restrain themselves from using military force to address sovereignty disputes between China and other countries. China should limit its economic and civilian activities within a determined range and inform relevant parties when that range is revised. Correspondingly, relevant countries should also communicate with China about their activities in disputed areas. Hopefully, China and other countries can reach more detailed bilateral agreement on how to suspend sovereignty disputes and engage in cooperation.

Meanwhile, the U.S. and China, with other parties in the region, should collaborate to establish an East Asian security mechanism, which includes conflict resolution procedures for confrontations between China and U.S. treaty allies.

¹ The Diaoyu islands are known as the Senkaku Islands in Japan.

Stability of the Sino-U.S. Relationship

By Catherine Boye, Suhan Chen,
Trang Thuy Pham, Young Jin Yang

The Sino-U.S. relationship is sometimes perilous. There are many areas in which a rising economic giant and the world's preeminent power will compete and possibly clash. In this paper, we examine five scenario's that could compromise the stability of the Sino-U.S. relationship and discusses ways to avoid these pitfalls.

North Korea

In the summer of 2010, North Korea's Kim Jong-Il was slowly recuperating from the stroke he suffered in 2009 and was in the process of transferring power to his Swiss-educated son when he died suddenly. Kim Jong-Un, the former leader's youngest son, succeeds him as planned but fails to inspire the devotion his father and grandfather did. Over the next couple of years, the new leader strives to prove his legitimacy. In the fall of 2014, a series of deadly famines and droughts plague the country. No international humanitarian organization can relieve North Korea's dire situation. Since the country isolated itself from the outside world after reactivating its nuclear weapons program in 2010. As political instability and social unrest grow, the North Korean regime collapses.

The power vacuum in Pyongyang creates instability in Northeast Asia. South Korea manages to absorb the North without strong resistance from the military, but the combined U.S.-ROK combined task force fails to detect several underground nuclear facilities and fully dismantle North Korea's nuclear program.² The U.S. discovers that the reunified Korea is nuclear-armed. Korea's nuclear capability drives a wedge between the U.S. and Korea, weakening their relationship. Fear of a nuclear Korea causes Japan and Taiwan to go nuclear.

China blames the U.S. for not stopping Korea, Japan, and Taiwan from going nuclear and challenges the U.S. role as the security guarantor in the region and Sino-U.S. relations takes a turn for the worse. Worried about the nuclear proliferation, Beijing reveals its own missile defense capabilities. Relations between the two countries worsen and a full-blown crisis appears inevitable.

To avoid fallout over the collapse of North Korea, the U.S. and China should start talking about contingencies in North Korea to avoid confusion about U.S.-ROK contingency plans. The countries must also discuss the effects a collapse of North Korea would have on the balance of power in the region. Getting China's understanding will increase the likelihood of OPLAN 5029 being implemented successfully and smoothly. Beijing, Seoul, and Washington should also consider a direct military-to-military contact and work on intelligence gathering and sharing to prepare for uncertainty in North Korea.

² <http://www.asahi.com/international/update/0423/TKY200904220317.html>

Trade

Recession sweeps the world in 2018. China's ambitious 11th and 12th Five-Year Plans fail. A surge of social discontent follows an unprecedentedly high unemployment rate. Economic inequality reaches new levels. A group of WTO member countries, led by the United States, criticizes China for pursuing protectionist policies and manipulating its currency. The U.S.-led group of countries take the case to the WTO tribunal, which rules against China and China faces big tariffs on all its commodities.

China responds to the WTO decision by strengthening strategic partnerships with Caspian countries and cutting investment and economic ties with non-cooperative states. There is talk of China taking the initiative in building a missile defense shield with its new partners. The U.S.-China relationship is derailed in 2019.

China has started linking economic and security issues to expand its influence. In the face of a deepening economic crisis, Paris decided to improve economic ties with Beijing by ending friction over the Tibet issue.³ Thus far the United States and China have avoided open conflict, but a serious trade dispute could create serious tension in the relationship. Almost half (45 percent) of China's growth is dependent on its export sector and China needs to sustain growth to build a "harmonious" society. Thus, the Chinese government's legitimacy could be threatened if the United States is seen as blocking economic development.

The U.S. and China should work together to fight the temptation of protectionism. As two of the largest economies in the world, they have the duty to prevent a slide into mercantilism and closed trading systems. China has shown it can be a responsible player when during the Asian Financial Crisis it refused to revalue its currency. As the world financial crisis continues, the two countries must take the lead to prevent the crisis described above.

Space

On June 12, 2019, China successfully launches Shenzhou XVII. Disaster strikes early in the mission. A piece of debris smashes into the aft service module near its linkage to the reentry capsule. The impact destroys several of the life support systems putting the lives of the *taikonauts* in danger. Before any of the rescue missions can arrive, it is announced that the two *taikonauts* have died. News breaks that the object that caused the crash was monitored by The United States Space Surveillance Network but information about it had not been made publicly available. China claims that the information was deliberately withheld to prevent the *taikonauts* from carrying out the military experiments planned for the mission. The U.S. maintains that it was an administrative error and was not done intentionally.

³ http://www.npc.gov.cn/englishnpc/news/Exchanges/2009-04/09/content_1497221.htm.

China's space program has made great strides and continues to push forward with ever more ambitious programs. They have joined the exclusive club of countries capable of independently putting humans into space. As Chinese programs improve, the likelihood of space-based competition grows⁴.

China is developing space programs that include missions to the moon and Mars, space stations, a system of satellites to replace the use of U.S.-based GPS systems in China⁵, along with a plethora of scientific and military satellite launches. The more objects China puts into space the more likely it will suffer a 'catastrophic collision' with a piece of space debris.

The risk from such debris has increased dramatically in recent years following the Chinese shoot-down of an old weather satellite in late 2007, the U.S. destruction of a malfunctioning spy satellite in Feb. 2008, and the collision of a defunct Russian satellite with an iridium satellite in early 2009. The U.S. nearly scrapped a Hubble repair mission recently when it was calculated that there was a 1 in 185 chance of a catastrophic collision. NASA requires the risk to be lower than 1 in 200 for a mission to proceed⁶.

The risks associated with space missions are high. Countries that venture into the great unknown should work together to reduce the dangers and sharing information would be a gesture of goodwill by all involved. Space debris should be dealt with by a consortium of concerned countries. Space agencies and other groups such as defense departments and NGOs maintain databases of space debris but there is little sharing between the groups. A master database should be created to avoid catastrophes in space.

Cyber War

On July 4, 2020, a group of Chinese hackers, called "the patriots union," launches a series of assaults on the IT systems of the Pentagon, the Treasury, the Air Force, as well as several major U.S. banks and corporations. A spokesperson for the Department of Defense calls the attacks a "cyber Pearl Harbor" and announces that "the U.S. is ready to wage a cyber war with China if they want one." The Chinese government claims that the hacker group is not under government control and says China does not attack another country's information systems. Over the next few months, telecom systems collapse, power blackouts become common, and confidential corporate and government information is leaked in both countries. The casualty count resulting from the attacks reaches close to 1,000.

Cyber warfare has gained a great deal of media coverage. The media has failed to identify the difference between independent groups of hackers and official government hackers. Government-sponsored hackers are usually associated with information gathering. The independent groups are heavily influenced by the "new nationalism." New nationalism is strong and usually beyond the control of a government.

⁴ <http://www.spacedaily.com/news/nuclearspace-03d.html>

⁵ [://www.space.com/missionlaunches/sfn-090415-china-compass-launch.html](http://www.space.com/missionlaunches/sfn-090415-china-compass-launch.html)

⁶ <http://www.wired.com/wiredscience/2009/04/space-junk-forcing-more-evasive-maneuvers/>

Cyber attacks are triggered by real world issues. After a U.S. spy plane collided with a Chinese jet in 2001, Chinese hackers attacked several U.S. government websites leaving messages such as ‘CHINA HACK’ and ‘I AM CHINESE.’⁷ From 2004 to 2005, when Sino-Japanese relations were frosty, Chinese hackers formed anti-Japanese hacking groups of over 1,900 members that attacked official Japanese websites.⁸ Many of these groups are large: one of these groups, the Red Hacker Alliance at one time had over 80,000 members and is known to have planned DDOS attacks on CNN in response to CNN’s coverage of the Chinese crackdown in Tibet.⁹

Sino-U.S. relations could be adversely affected by independent hackers acting to defend the honor of their country. It is important for the two countries to increase their level of trust. Greater cultural awareness among the citizens of both countries may help prevent individuals from acting to harm another country and its citizens. Both countries must also improve the security of their information systems to prevent cyber attacks from affecting the real world.

Organized Crime

On April 8, 2020 the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) formally declares Huaxia Bank, a Chinese government-owned bank, as a financial institution of prime money laundering concern under Title III Section 311 of the U.S.A. Patriot Act and disallows U.S. financial institutions from having commerce with the bank, including through corresponding institutions. FinCEN cites evidence that managers at Huaxia Bank are actively assisting organized criminal groups that are involved in smuggling drugs to the U.S. and supplying deadly thermobaric weapons to the Taliban in Afghanistan and Pakistan. The Chinese government calls the FinCEN’s actions “irresponsible” and the charges “untrue.” It also states that this is an aggressive action by the U.S. to destabilize the Chinese economy and society. China’s government responds by freezing the accounts of U.S. companies held in Chinese banks for audits. Citizens and businesses from both countries grow angry, escalating the situation and threatening to create an international crisis.

Organized crime has long been associated with China, from the Shanghai “badlands” of the early 20th century to the triads of Hong Kong in the 1970s. After the communist takeover of the mainland, many of these groups fled either to Hong Kong or overseas. For many years, organized crime was nearly non-existent on the mainland. In the 1980s it started to grow again. In 1986, it was estimated that 100,000 people were involved with organized crime; by 2000 this number had grown to 1.5 million¹⁰. The rise of organized crime is often associated with the type of rapid economic expansion currently occurring in China.

Another trend contributing to the growth of large-scale organized crime is the gender imbalance in China. There are now roughly 127 women per 100 men in China resulting in

⁷ <http://www.popsoci.com/scitech/article/2009-04/hackers-china-syndrome>

⁸ http://goliath.ecnext.com/coms2/gi_0199-16955/3RD-LD-Chinese-hackers-sabotage.html

⁹ <http://www.informationweek.com/news/security/cybercrime/showArticle.jhtml?articleID=207400699>

¹⁰ <http://factsanddetails.com/china.php?itemid=300&catid=8&subcatid=50>

nearly 19 million more men than women.¹¹ Valerie M. Hudson and Andrea M. Den Boer recently studied this phenomenon and concluded that “low-status young adult men with little chance of forming families of their own are “much more prone to attempt to improve their situation through violent and criminal behavior in a strategy of coalitional aggression.¹²

Chinese organized crime groups engage in many forms of criminal behavior including: extortion, murder, illegal gambling, political corruption, counterfeiting, prostitution, weapons trafficking, smuggling aliens, trafficking drugs, and financial fraud.¹³ Many of these crimes are transnational in nature – especially drug trafficking and alien smuggling, with drugs and people heading for U.S. and Europe. If the U.S. felt that China was not fighting organized crime Washington would feel the need to take action.

The U.S. Treasury’s FinCEN has identified several banks as being prime money laundering concerns, including the Macau-based Banco Delta Asia. BDA was accused of allowing North Korea to launder drug profits and introduce counterfeit U.S. currency into the international financial system. If the U.S. determined that Huaxia Bank was laundering the money, it is likely that FinCEN would be willing to rule against it. The listing of Huaxia bank would be a blow to China’s international standing as it is a government-owned bank.

The U.S. and China should work together to fight organized crime. Many Chinese criminal organizations are transnational with groups active in both China and the U.S. Creating a mechanism to facilitate the exchange of law enforcement professionals would be beneficial. China should continue to fight corruption that encourages organized crime. China and the U.S. should work at instituting all of Financial Action Task Forces on Money Laundering’s 40 recommendations to help prevent money laundering.

¹¹ <http://www.msnbc.msn.com/id/5953508>

¹² *ibid*

¹³ <http://www.fbi.gov/hq/cid/orgcrime/asiancrim.htm>

Achieving Stability in Sino-American Nuclear Affairs

By Dan Baart, A. Greer Pritchett, and Ye Rong

On March 16-17, 2009, the U.S. Defense Threat Reduction Agency, in conjunction with the Naval Postgraduate School and Pacific Forum CSIS hosted the fourth U.S.-China Strategic Dialogue. This dialogue brings together Chinese and U.S. strategic experts in their personal capacities to share perspectives on several of the world's most pressing strategic problems with the aim of minimizing mutual misunderstanding and identifying practical steps for bilateral cooperation.

More than anything else, the dialogue helped to remind participants of the amount of work that still needs to be done to achieve the desired level of cooperation. It is clear that the two sides remain uncertain regarding each others' motivations in a variety of areas, particularly regarding transparency of strategic nuclear forces. Many reasons for this suspicion were explored, but these only served to highlight the myriad issues and political differences standing in the way of a more cooperative relationship. None of these issues are insurmountable, and all participants appear to be dedicated to a Track-II process, such as this one, but recognize that it should be undertaken in tandem with Track-I efforts.

This paper identifies five triggers of a future crisis in the U.S.-China relationship: what would happen, why it would matter, and how to guard against it. Though some might call this an exercise in "crystal-balling" it underscores a very important reality. Though the United States and China are pursuing a "positive, cooperative and comprehensive relationship," this isn't the time for complacency. If one considers the U.S.-China relationship as consisting of three pillars, the political and economic pillars are relatively solid and/or are being strengthened, but the military pillar is lagging behind. A long-term strategic relationship between these two countries requires a more forward-looking agenda. Brainstorming about crisis scenarios and ways to stave them off is a useful and productive activity.

Future Crisis #1: Regime Collapse

What: The popular overthrow of the current military junta in Burma / Myanmar would likely lead to instability in Southeast Asia. Various indigenous groups would compete to take the reins of the state, and outside actors would attempt to influence the composition of a new ruling authority through support or recognition.

Why: The United States and China disagree on the status of the current military government in Burma / Myanmar. While Americans decry abuses of political and human rights, the Chinese – as well as the Indians – tolerate the repressive regime in exchange for stability and access to the country’s abundant natural resources. Washington does not maintain diplomatic relations with the ruling junta, instead lending its support to the National Coalition Government of the Union of Burma (NCGUB), which is based in the United States and was formed following the parliamentary elections in 1990.

In the event of a governmental collapse, it is likely that the United States and allied countries would advocate the return of this government in exile as a provisional authority until parliamentary elections could be held. It is also likely that countries that maintained diplomatic and trade relations with the military junta – such as China, India, and Russia – would counter this position by questioning the legitimacy of a government predicated on nearly 20-year-old election results. Support would be lent to candidates close to the former government who position themselves in opposition to the NCGUB. Considering the competitive nature of the interests of these “opposition” states in Burma – China, India, and Russia – it is possible that they may support different candidates, fragmenting opposition to the NCGUB.

How: Disagreements regarding the political future of states with failed governments are common, with the hegemonic foreign power usually free to shape the new regime as they see fit. The outcome is rarely, if ever, favored by all interested parties. What is needed to avoid acrimony arising from such situations in the future – Burma, North Korea, Pakistan – is a more robust international legal framework for guiding the creation of provisional authorities to smooth the transition to a self-determined political system.

Future Crisis #2: Pandemic Outbreaks

What: Outbreaks of pandemic disease can disrupt markets and destabilize governments by creating panic and infecting citizens. Such potentialities are taken seriously by most governments, and many militaries have developed contingency plans for dealing with contagious outbreaks. In these situations, states are likely to use every means at their disposal, closing borders, curtailing domestic and international travel, and quarantining affected areas. The response would have to be immediate and well coordinated to contain the infection.

Why: Not all states will have the capability to respond successfully. China and the United States both have inherent weaknesses that could be seen by the other as a failed or irresponsible reaction. The United States usually boasts a strong emergency response system backed up by a modern and generally well-functioning healthcare system. Health authorities and media outlets will, for the most part, keep the public informed of developments and precautions. China, on the other hand, has a mixed record of providing information during crises. Working in its favor, however, is a political system that will allow for the extended quarantine of the population and take actions that would be seen as an infringement on civil liberties if attempted in the United States. Depending on the nature of the infection, quarantining populations or regions for an extended period of time may be needed.

A perception of mismanagement by either side may force stronger countermeasures by the other in hopes of keeping an infection from spreading. This may include a reduction in trade, which if not handled properly, could be seen as an attempt to isolate competitors from contested markets. Retaliation in other areas may follow, and diplomatic relations, economic integration, and cooperative ventures in unrelated areas could suffer.

How: A multilateral pandemic prevention organization should be set up to allow for the sharing of information and the drafting of contingency plans. Civilian reaction teams composed of specialists in infectious disease would be made available through this organization to advise and lend support – if requested – to local authorities. Since disease cannot be contained by borders, governments must realize that a lack of transparency hampers the ability of other states to prepare for the spread of infections, and make every effort to keep their citizens and the world informed of developments, responses, and requirements for assistance.

Future Crisis #3: Military Suspicion Born from Mistrust and Lack of Consensus

What: China's military modernization intensifies concerns in other countries, including the United States, about a "China threat." This concern is mostly caused by mistrust and misunderstanding between the countries, which might trigger a crisis in the U.S.-China relationship. Recent incidents in the South China Sea revealed what might happen as a result of a lack of military transparency and consensus on the United Nations Convention on the Law of Sea.

Why: Mistrust and misunderstanding are the source of the problem. Despite years of mistrust by Western countries led by the United States, China has worked to be recognized and accepted and to fit itself peacefully into a world which has long been Western-centric. China's economic breakthrough can be attributed to internationalization. Economic development has been consistently at the top of its agenda. A large portion of the Chinese population still falls short of middle-class, despite rapid economic growth since the adoption of the "Reform and Opening-Up Policy." To achieve economic development China has to ensure a secure and stable external environment. With more funds available for innovation and scientific purposes, building military capacity is a natural and practical choice, especially when lingering uncertainties about its national security increase due to unresolved territorial disputes with neighboring countries.

How: The tension created by China's military can be diminished by increasing military exchanges and cooperation to achieve higher degrees of military transparency. The key is for the United States and China to look for common goals within the larger framework of international objectives. The challenges of the 21st century provide a wide range of opportunities for the two countries to cooperate on global issues such as combating terrorism, pandemics, and global warming. The United States has been a leader in the international arena but has to learn to lead in a new era where interdependence and cooperative relationships need to be emphasized. China is willing to behave responsibly as a potential leader and it has been strengthening its ability to make international commitments in order to be a responsible leader. Therefore, agreements can be reached during high-level political negotiations between states in search of common goals. These will help build legitimacy in the international arena and to serve the strategic interests of all states. In this context, a successful leader needs to be able to understand the big picture and lead with legitimacy. The most effective way to persuade other nations to follow suit and become responsible stakeholders in the international community is by letting them follow the rules set and respecting them.

Future Crisis #4: Differing Responses to Human Rights Issue

What: Different responses to a particular human rights issue can erode the U.S.-China relationship. The United States and other Western countries often make claims about human rights violations in Tibet. China believes strongly it is an internal affair deeply involved with its sovereignty. Different reactions to Tibet and other similar issues could undermine confidence and strategic relations between the two countries.

Why: The Tibet question has long been debated and contested, though efforts on the Chinese side to improve the situation in Tibet such as holding talks with the Dalai Lama did not work out. China intends to improve the human rights situation and conform with international standards. Religious freedom is gradually improving as long as it does not relate to politics. However, the Tibet question is more than an issue of human rights and religion. Issues such as this, which threaten China's sovereignty, are deemed highly sensitive in China, therefore, foreign intervention will not be accepted or tolerated.

How: Improvement of human rights is a gradual process that cannot be realized without policies tailored to the unique Chinese domestic situation. These should be designed and carried out by the central government of China. Maintaining a stable domestic environment for economic development is as important for China as engaging in international commitments. U.S. human rights policies will have positive and stimulating effects upon this process if the U.S. sets priorities appropriate to this goal. It is better for the U.S. to improve the situation by encouraging educational and cultural exchanges between Tibet and the rest of China than by having any political relations with the Dalai Lama. It is important for China to set up a system with equal opportunities for Tibetans and Han Chinese migrants in Tibet to increase freedom and reduce protests. The U.S. and China can cooperate through dialogues and educational channels to facilitate their process. These might be tackled at both the track I and track II levels. These exchanges can begin at the grassroot level and between students and university teachers. This need not only be discussed at the government-to-government level. In fact, it might be too sensitive to do so at this stage.

This approach can benefit both parties by increasing mutual trust and confidence, and will have spillover effects on other dimensions of strategic and cooperative relationship building.

Future Crisis #5: Arctic Conflict

What: Global warming has led to a massive reduction in the thickness of the Arctic ice cap and has led some to posit that, in the next decade, summer months might see an Arctic devoid of ice. The Arctic Circle is one of the last great frontiers for exploration, environmental preservation and research, and possesses a potential treasure trove of natural resources. It could also become an area for expansionist impulses.

Why: Borgerson, one of the countries foremost ocean governance experts argues that “the region’s long-term future will be one of international harmony and the rule of law, or a Hobbesian free-for-all.”¹⁴ Though China does not border the Arctic, it has much to gain – in fact more than many countries – from reductions in maritime shipping costs and discoveries of oil and gas that may result from the melting of the Arctic ice cap. The United States, as an Arctic country, also has much to gain, but has lagged behind other countries in thinking about what this melt means in terms of its geopolitical interests. The region could become a perfect storm of miscalculation, mistrust, misunderstanding, and missed opportunities.

How: Safeguarding against Arctic conflict is not the job of the United States and China alone. Several other countries that border the Arctic Ocean should be involved in conversations regarding the future of the region.¹⁵ However, by analyzing this potential trigger through the lens of U.S. - China relations, it is clear early consultation between these two countries would create tangible benefits. First, the Obama administration’s call for multilateral diplomacy in international affairs could use the Arctic to demonstrate how preemptive diplomacy can stave off future conflict. The U.S. and China could work together on cooperative scientific research projects and economic feasibility studies with a focus on maritime shipping and natural resource security. Beijing has gained *ad hoc* observer status in the Arctic Council and is planning to install its first long-term deep-sea monitoring system in the Arctic to evaluate impacts of global warming on China’s climate. It also sent, in August 2008, the icebreaker 雪龙 (Xuelong), on its third scientific expedition to the region. Working together on cost-benefit analysis of this rapidly changing environment might establish modes of behavior, enhance communication, and increase transparency between China and the U.S. regarding each other’s interests and concerns, which could have spillover effects in other areas of the evolving relationship. The United States and China have put climate change on the forefront of their Strategic Dialogue; Arctic diplomacy should be on the list of discussion topics.

¹⁴ < <http://www.foreignaffairs.com/articles/64905/scott-g-borgerson/the-great-game-moves-north>>.

¹⁵ In addition to the United States, these countries include Canada, Denmark, Iceland, Norway and Russia.

Future Crisis in the U.S.-China Relationship

By Chin-Hao Huang

Trigger 1: Increasing demand and competition for oil/energy resources

As the world's two largest economies, the competition for oil and other energy resources to sustain the economic development in both the U.S. and in China will continue. In his State of the Union address in 2006, former U.S. President George W. Bush announced that he would seek to reduce US reliance on oil imports from the Middle East by 75 percent by 2025. In part, this effort will be driven by 'green technology' and growing investment in alternative and renewable energy sources, but foreign oil will still consume a significant share in the total U.S. energy consumption mix.

The reliance on oil from other parts of the world, especially in Africa, will surge to help meet the gap as oil imports from the Middle East decline in the near future. The low-sulfur, sweet crude, found throughout the Gulf of Guinea remains largely untapped and under-developed. With nearly 10 percent of the world's proven reserves, new offshore discoveries concentrated in West Africa will, in the next decade, account for one in four new barrels of oil that enter the world market.

China remains reliant on foreign oil and acquiring it remains an integral part of its foreign and security policy agenda. China also sees Africa as an important new source. China's oil imports, particularly from Angola, Sudan, Nigeria, and Equatorial Guinea continue to rise and account for roughly 30 percent of its total external oil dependence. Chinese oil companies are making headway in constructing pipelines, oil refineries, and securing exploration rights in Africa.

In light of these trends, competition for oil resources in Africa will become a part of the friction, perhaps even a flashpoint in bilateral relations. There are also policies that can be adapted and implemented to reduce tensions and encourage collaboration. Major Chinese oil companies are looking to join forces with established multinational firms operating in Africa. As such, it makes sense to create joint ventures and other business-to-business partnerships in the extractive industries and energy sector. Such collaboration would also help reduce the oil shock and increase exploration of new reserves that are needed to stabilize the global supply and demand for oil. Moreover, as Chinese companies become more internationalized, these joint ventures give them an opportunity to better understand corporate social responsibility, giving back to the communities in which they are operating in Africa with their Western counterparts.

Trigger 2: The difficulty for both sides to recognize and respond to the increasingly complex nature, of the other.

There is no longer one single image of China today, and the U.S. policy community, as well as the general public, needs to better understand the increasingly complicated society both at elite levels and on the street in China. China is neither a sworn enemy, nor has the

relationship matured to become a full-fledged alliance. It is not an electoral democracy, but it is not an ideologically driven or radical state either.

Chinese officials and specialists have only recently recognized nuance in U.S. government structure as well as the influence and importance of civil society, business, nongovernmental, private sectors, and public opinion in shaping foreign policy, especially on how they might affect China.

Both sides need to do more to broaden and deepen the depth and complexity of their understanding of the other. More effective communication, at both the senior- and working-levels, needs to be put in place and regularized. Government-to-government action could include the establishment of an interagency, bilateral, and formal mechanism to plan and coordinate all official bilateral exchanges. This could be a biannual interagency meeting between the two sides at a mid- to senior-level to plan and coordinate systematically the growing range of interactions and exchanges between the U.S. and China. Congressional engagements with and visits to China should also increase to create a better understanding among members of Congress on the scope and scale of their legislation with regard to foreign, trade, and security policy toward China. On the nongovernmental sector, a formal bilateral educational fund should be explored to increase education exchanges, drawing U.S.-based students and experts to China and vice versa.

Trigger 3: A deepening sense of ‘strategic distrust’ in both capitals implies that an increasingly important and complex U.S.-China relationship is not predetermined.

While some consider the U.S.-China relationship to be the most important in international politics, this relationship is still at a relatively early and uncertain stage. A large part of how it will develop will be determined by domestic politics and policymaking within both countries.

To broaden and strengthen bilateral relations, it is important that the dialogue continue to encourage China to be more of a responsible stakeholder. While this may be a tall and long-term order, it is not an excuse for inaction. More time, resources, and overall effort must be devoted to understand what has worked in the past and what will most likely work in the future to help integrate China further into the international system and encourage it to take steps and actions that will be constructive and positive.

Appendix A

About the Authors

Mr. Daniel BAART is a research analyst with the Office of the Asia Pacific Advisor at the headquarters of Canada's West Coast naval fleet. Dan graduated with a bachelor's degree from the University of Victoria in 2007, where he studied international politics and military history. His research interests include naval developments in the Indo-Pacific, nuclear weapons programs and proliferation, and the politics of non-state armed groups. He is in the process of pursuing a graduate degree in intelligence and security studies.

Ms. Catherine BOYE recently completed her internship as a research assistant at the Center for Strategic and International Studies Pacific Forum in Honolulu, HI. She received a BA in Political Science and a BA in International Studies from the University of Utah in 2006. Catherine is currently pursuing a MA in International Policy Studies with a specialization in international security in Asia at the Monterey Institute of International Studies. Her research interests include Chinese military policy, Chinese energy policy, and East Asian Security.

Ms. CHEN Suhan, a native of Beijing who is finishing her second graduate degree in Journalism at The University of Montana (and her first master degree was in Asia Pacific Studies from Ritsumeikan Asia Pacific University in Japan at 2006). Since Nov, 2007, she has become one of the young leaders of *Pacific Forum CSIS-Young Leaders Program*. Ms. Chen worked as an editor of international news for China Central Television and a reporter in training for the Science Department of *Guangming Daily* prior to her education in Japan and the U.S. She is absolutely fluent in English, Japanese and Chinese. She has been the Executive Vice President of the Chinese Students Association at the University of Montana, in charge of community outreach and culture education for K-12 schools in the Missoula School District. She also represented the University of Montana in leading the Montana Rocky Mountain Ballet Theater to China as a pre-Olympic Sino-U.S. exchange program. While in China with the U.S. delegation, she reported for the *Missoulian* Newspaper (the largest regional newspaper in West Montana). Four of her reports were published and well praised by local readers.

Mr. Brian HARDING is a research associate in the International Security Program (ISP), where he primarily focuses on Southeast Asia. Prior to joining CSIS, he was a Fulbright fellow in Indonesia, where he studied the significance of Chinese Indonesians in the China-Indonesia bilateral relationship and served as codirector of the Institute for Historical Justice and Reconciliation's Indonesia initiative. Previously, he was a research assistant for Improving the Nation's Security Decisions project, a research assistant at the National Defense University's Institute for National Strategic Studies (INSS), an intern with ISP, and a volunteer English teacher in Nong Khai, Thailand. His writings have appeared in *China Brief*, *World Politics Review*, and the Indonesia-based *Jurnal Nasional*. He holds a B.A. in history and Japan studies from Middlebury College and an M.A. in Asian studies from the Elliott School at George Washington University.

Mr. Chin-Hao HUANG is a Researcher with the SIPRI China and Global Security Programme. Until 2007 he worked at the Freeman Chair in China Studies at CSIS. He has authored and co-authored several monograph and book chapters on China-Africa-USA relations, the latest of which includes “China’s renewed partnership with Africa: implications for the United States,” China into Africa: Trade, Aid and Influence (*Brookings Press*, 2008). He has also published other works on Chinese foreign and security policy and has testified before the Congressional U.S.-China Economic and Security Review Commission on Chinese military and security activities abroad. He is a graduate of the Edmund A. Walsh School of Foreign Service, Georgetown University.

Ms. PHAM Thuy Trang, the first 2009 Vasey Fellow from Hanoi, Vietnam. She received Bachelor of Arts in International Economics at Institute for International Relations in Hanoi, Vietnam in 2006. At present, Ms. Trang is working as an official at Americas Department, Ministry of Foreign Affairs in Hanoi, Vietnam. Her research interests include U.S. and Asia countries relations, especially U.S.-China-ASEAN trilateral cooperation.

Ms. A. Greer PRITCHETT is the Assistant Project Director of the Northeast Asia Project at the National Committee on American Foreign Policy (NCAFP) in New York. In that capacity, she manages projects on multilateral cooperation for a denuclearized Korean Peninsula; the possible creation of a Northeast Asian Security Forum; China-Taiwan relations; and the U.S. alliances with Japan and South Korea. She returned to the U.S. in August 2008 after living in China for the 2007 – 2008 academic year where she served as a visiting lecturer at the China Foreign Affairs University. Greer has also worked for the International Crisis Group and the International Peace Academy (now International Peace Institute). She received her B.A. summa cum laude from Hunter College, majoring in Political Science and Classical and Oriental Studies.

Ms. Ye RONG received a BA in English from Hunan University of Arts and Science, China, and a MSc in International Political Economy from Nanyang Technological University, Singapore, where she focused on the study of the Chinese economy development. She has undertaken several research projects at the S. Rajaratnam School of International Studies. Her major research interests are U.S.-China relations and the role of China in the world economy.

Dr. David SANTORO is a nonproliferation analyst at the Simons Centre for Disarmament and Nonproliferation Research (Liu Institute for Global Issues, The University of British Columbia, Vancouver). A regular participant to the Pacific Forum Young Leaders Program, David is also a research associate at the Paris-based Center for Transatlantic Studies and at the Center for International Security and Arms Control Studies (Paris). Prior to that, he served as a teaching fellow in international relations and international security studies at Macquarie University (Sydney) and he was earlier involved with the Assembly of the Western European Union and the French Ministries of Defense and Foreign Affairs. His current research interests are focused on P-5 nuclear nonproliferation diplomacy and East Asian security issues.

Ms. Alyson SLACK is a research associate in the CSIS International Security Program, where she primarily focuses on Korea, China, and Taiwan issues. She received her M.A. in international affairs from American University, with concentrations in East Asia and international economic policy. Before joining CSIS, she completed intensive Mandarin studies at Beijing Language and Culture University and concurrently assisted with research for Mike Chinoy's book, *Meltdown: The Inside Story of the North Korean Nuclear Crisis*. Prior to that, she interned at the Mansfield Foundation. Alyson speaks Chinese and has lived in Hong Kong, Seoul, and Taipei.

Mr. Qinghong WANG is a doctoral candidate in Political Science at the University of Hawaii-Manoa, is a Pacific Forum Young Leader, and is a 2006-2007 Vasey Fellow. He is from Beijing, China. Mr. Wang received his B.A. in Chinese Language and Literature from Beijing University in 1999 and an M.A. in Chinese Studies and an M.A. in Political Science both from the University of Hawaii in 2003. He previously worked as a language instructor at UH, the Japan-American Institute of Management Science, and the United States Air Force Academy's Chinese Language Immersion Program.

Ms. Young Jin YANG, the 2009 Vasey Fellow and the first Kelly Fellow, is from Seoul, Korea. She received her B.A. in international relations from Mount Holyoke College and her M.A. in international studies from the Graduate School of International Studies, Seoul National University. Ms. Yang has previously interned with the Institute of Foreign Affairs and National Security, Ministry of Foreign Affairs and Trade, South Korea. Her research interests include the U.S.-ROK-Japan trilateral cooperation, South Korea-Japan relations, and Japanese politics.

Ms. ZHANG Weiwei is an assistant research fellow at the China Institute of International Studies (CIIS). She holds an M.A. in international relations from Peking University. She has published articles on Chinese public diplomacy, Japan-India relations, Japan's ODA, Japan's energy strategy and etc. Her current research interest is on public diplomacy and soft power enhancement as well as power relations in Asia-Pacific. She is currently doing visiting research at University of Tsukuba in Japan.

Appendix B

Fourth Annual Meeting
U.S.-CHINA STRATEGIC DIALOGUE
Achieving Stability in Sino-American Nuclear Affairs

sponsored by the
U.S. DEFENSE THREAT REDUCTION AGENCY
and co-hosted by the
NAVAL POSTGRADUATE SCHOOL and PACIFIC FORUM CSIS

Hilton Hawaiian Village • Honolulu, Hawaii
March 16-17, 2009

Agenda

March 15, 2009 – SUNDAY

Participants Arrive

6:30PM **Welcome Reception & Dinner – *Tapa Tower – Iolani Suite 5 & 6***

March 16, 2009 – MONDAY

8:30AM **Continental Breakfast – *Tapa Tower – Tapa Ballroom 3***

9:00-10:00AM **Opening Remarks: Introductions – *Tapa Tower – Tapa Ballroom 3***
Chair: Christopher Twomey, Ralph Cossa, Michael Wheeler,
Luo Yuan

10:00AM -12:00PM **Session I: Defining Stability**
Chair: Christopher Twomey
China Presenter: Chu Shulong
U.S. Presenter: Phillip Saunders

There are many meanings to stability in nuclear affairs. Some emphasize “crisis stability”, others focus on arms race stability, and others consider a broader stability in the relationship and its implications for nuclear affairs. What does “stability” mean in Beijing and Washington? When has the relationship been characterized by stability in the past? How should it be characterized today, and what might lead that to change tomorrow? What behaviors contribute to it and what detracts from it? What interaction is there between the different facets of strategic stability and stability in the broader political relationship between the two sides?

12:00-1:30PM **Lunch – *Tapa Tower – Palace lounge***

March 16, 2009 – MONDAY (cont'd)

1:30-3:15PM Session II: Extended Deterrence

Chair: Teng Jianqun
China Presenter: Zhu Feng
U.S. Presenter: Brad Glosserman

How does each side define extended deterrence? How important is extended deterrence in shaping U.S. strategic posture towards its various security partners? Does extended deterrence play a role in China's policy toward any of its regional partners? How does extended deterrence contribute to regional stability more broadly? How does missile defense affect extended deterrence?

3:15-3:30PM Break

3:30-5:15PM Session III: Prospects for Strategic Arms Control in the Medium Term

Chair: Ralph Cossa
China Presenter: Fan Jishe
U.S. Presenter: Sharon Squassoni

Traditionally, arms control has focused on enhancing arms race stability. Is there a role for that today? As the START and SORT treaties expire over the next several years, and as the new US Administration comes into office calling for a new look at the potential for future strategic arms control, what areas might be ripe for the US and China to discuss bilaterally? Trilaterally with another partner? Multilaterally with the P-5? What sorts of issues might merit further examination in the next few years, and which are better left for the distant future?

6:30PM Reception & Dinner – *Tapa Tower – Iolani Suite 5 & 6*

March 17, 2009 – TUESDAY

8:00AM Continental Breakfast – *Tapa Tower – Tapa Ballroom 3*

8:30-10:15AM Session IV: Enhancing Crisis Stability

Chair: Luo Yuan
China Presenter: Xu Weidi
U.S. Presenter: Roy Kamphausen

In a hypothetical crisis, is the Sino-American strategic (nuclear and other security) relationship stable? Are there aspects that are particularly de-stabilizing? Are there unique dangers in the Sino-American context that did not exist in the Cold War? What steps can be taken to reduce such dangers in the immediate term? Might codes

March 17, 2009 – TUESDAY (cont'd.)

of conduct or other less formal forms of confidence building measures be useful?

10:15-10:30AM **Break**

10:30AM-12:15PM **Session V: Transparency about Transparency**

Chair: James Wirtz

China Presenter: Teng Jianqun

U.S. Presenter: Robert Gromoll

What would each side like the other to be more transparent about (intentions, strategies, modernization plans, etc.)? What additional sorts of transparency might each side be willing to offer in return for something from the other? Are there useful international standards to consider? What benefits might be come from such transparency (deeper trust, enhanced stability in the broad sense, crisis stability, etc.)?

12:30-2:00PM **Lunch – *Tapa Tower – Palace lounge***

2:00-3:00PM **Closing Remarks: Lessons Learned and Way Forward**

Chair: Christopher Twomey, Ralph Cossa, Michael Wheeler, Luo Yuan

6:00PM **Meet at Tapa Tower escalator – walk to Singh Thai Restaurant**

Appendix C

PACIFIC FORUM CSIS YOUNG LEADERS

Fourth Annual Meeting
U.S.-CHINA STRATEGIC DIALOGUE
Honolulu, Hawaii • Hilton Hawaiian Village
March 15-18, 2009

Agenda

Sunday, March 15

5:00PM

Please meet outside the *Iolani Suite 5 & 6* for a Young Leaders Introduction

NOTE! Different hotel: Hilton Hawaiian Village
Iolani Suite 5 & 6, Tapa Tower Hilton Hawaiian Village
Beach Resort & Spa, 2005 Kalia Road, Honolulu,
MAP: http://www.hiltonhawaiianvillage.com/popup/print_map.cfm

6:30PM

Welcome Reception & Dinner – *Tapa Tower – Iolani Suite 5 & 6*

Monday, March 16

8:30AM

Continental Breakfast – *Tapa Tower – Tapa Ballroom 3*

9:00-10:00AM

Introductions – *Tapa Tower – Tapa Ballroom 3*

10:00AM-12:00PM

Defining Stability

12:00PM-1:30PM

Lunch *Tapa Tower – Palace lounge*

1:30PM-3:15PM

Extended Deterrence

3:15PM-3:30PM

Break

3:30PM-5:15PM

Prospects for Strategic Arms Control in the Medium Term

6:00PM-6:30PM

Reception

6:30PM

Reception & Dinner – *Tapa Tower – Iolani Suite 5 & 6*

Tuesday, March 17

- 8:30AM Continental Breakfast *Tapa Tower – Tapa Ballroom 3*
- 8:30AM-10:15AM Enhancing Crisis Stability
- 10:15AM-10:30AM Break
- 10:30AM-12:30PM About Transparency
- 12:30PM-2:00PM Lunch- *Tapa Tower – Palace lounge*
- 2:00PM-3:00PM Lessons Learned and Way Forward
- 6:00PM **Meet at Tapa Tower escalator – walk to Singh Thai Restaurant**

Wednesday, March 18

- 7:15AM Meet at Lower Lobby of the ALANA HOTEL for ride to downtown
- 8:00AM Breakfast meeting with Manny Menendez, Chairman & CEO, MCM Group Holdings, Ltd.+ / Honolulu International Forum

The Pacific Club, Card Room 1451 Queen Emma Street, Honolulu, HI 96813
- 9:30AM Walk to Pacific Forum Office
- 10:00AM Briefing by LTCJ501 Daniel Peters (PACOM)
- 12:00PM Lunch (Mandalay)
- 2:00PM Trip to Punchbowl National Cemetery
- 3:30PM Young Leaders Wrap-up Session, Pacific Forum Board Room
- 6:30PM Young Leaders Farwell Dinner (optional) Tiki's Bar and Grill