

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**A COMBATANT COMMANDER'S PERSPECTIVE ON SECURITY IN
THE ASIA-PACIFIC**

**WELCOME:
JOHN HAMRE,
PRESIDENT,
CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES**

**MODERATOR:
JAMES KITFIELD,
NATIONAL JOURNAL**

**SPEAKERS
ADM. TIMOTHY KEATING,
COMMANDER,
U.S. PACIFIC COMMAND**

**PANELISTS:
RANDY SCHRIVER,
ARMITAGE INTERNATIONAL**

**FRANK JANNUZI,
SENATE FOREIGN RELATIONS COMMITTEE**

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JOHN HAMRE: Okay, could I ask people to find their seats, please? Like I say, I look out on the room, and I can tell I can't afford these billing hours, so I want to get going. (Laughter.) And I'll tell you, Admiral Keating's billing hours are a whole lot higher than yours, so I don't want to waste his time either.

Thank you all; thank you for coming. My name is John Hamre, president here at CSIS. I want to say a hearty welcome to all of you. We're kicking off this fall series on our military strategy forum, and I especially want to say thanks to our very good friends at Rolls Royce that make this possible for us.

And, General Hailston, thank you for coming; we're delighted to have you here. I understand that you and Admiral Keating were fellow inmates or something I think at some previous incarnation.

GEN. EARL HAILSTON: I've never seen him before in my life. (Laughter.)

MR. HAMRE: And I also want to say thanks to H.T. Johnson (ph), a very great friend. Thank you for coming. Glad to have you here, H.T. We're very pleased that you're with us.

We're going to – our format today, we're going to hear from Admiral Keating. And I assume that, sir, you want to just take questions yourself. You're not going to –

ADM. TIMOTHY KEATING: Yes, sir. That would be better. Thanks.

MR. HAMRE: So we'll just let you manage questions. And then he's going to be followed by a panel. And I'm going to ask Dr. Mike Green to take the charge at that stage where we're going to dig a little deeper into these issues that we're going to explore today.

Tim Keating is one of our absolutely most distinguished military officers. And I've had the great privilege of knowing him now for a number of years, back to the time when he was the director of the Joint Staff. And those of you who are in the military know that that really is the hardest job in the Pentagon. You know, the chairman has got a hard job but he can leave and he can travel; he can get out of there. The vice chairman, he can get out of there. But the director of the Joint Staff, it's a 24-hour-day job, and it's a demanding job.

And that's when I first met Admiral Keating and saw the depth of the content of his character. He's a superb officer and a wise and fine colleague. He helped us through lots of issues when I was there, and since that time of course he's gone on to much bigger things. He was out at NORTHCOM when we had Katrina. And Tim Keating more than anybody made possible the federal response. When we finally got going, it was Tim Keating that was behind all of that. And for a reward, then he got sent to the Pacific Command. And where he is logging all kinds of frequent flyer miles and none of which he can use when he retires. (Laughter.) So it's

the way we do this in government. We give you all of the responsibilities, all of the burdens, and none of the pleasure, but we're so fortunate to have a man of your character and capability guiding us in the Pacific now.

So Tim Keating. I introduce to you Admiral Tim Keating. (Applause.)

ADM. KEATING: Thank you, John, very much. Thanks. Thank you.

John, if it's okay, I'll come out here and move around a little bit because the focal point of the conversation that we'll have is not yours truly or those of us in uniform; it's the Asia-Pacific region. It pains me but I have to do this. I've known Dr. John Hamre for quite a while, as he says, and I have found him to be a man of resolute character and unimpeachable integrity. His service has been of great value to us as a country. And that was a pretty good introduction, but – and I don't – that wasn't the best introduction I've ever had, John. (Laughter.)

MR. HAMRE: I invited your mother. (Laughter.)

ADM. KEATING: Here's the deal: It was a very gracious introduction, sir, and I'm grateful. The best introduction I ever got, you must be wondering, it was in the late '70s or early '80s. I was a much younger man. It was I think Opa Locka, Florida, much smaller gathering, and the master of ceremonies was late. And so they said, would I mind introducing myself. (Laughter.) That was quite an introduction.

And as John mentioned, we're here representing the 325,000 men and women in uniform and Department of Defense civilians from your United States Pacific Command. I've had the great personal and professional privilege of occupying that office for the better part – over two and a half years now, and I thought we'd spend a couple of minutes this morning with a little bit of a retrospective look, how do things appear today versus what did you think they would look like when you came into office.

I'll point out to you – I stand in front of you as a living example of a retention initiative by the Department of Defense. I was once upon a time – Dave Baird (ph), raise your hand please, (jumbo ?). There's Lieutenant Command Dave Baird. I was jumbo in 1984 and '85. I was the aid to then CINCPAC – there's that term CINCPAC – I was the aide to Admiral Crowe. So I got to hang around at that back of the room and listen as Admiral Crowe did – certainly at a much higher level, much more eloquent, much more persuasive than I, but I got to listen to the Pacific Commander talk to all sorts of folks.

Well, here I am, 20-some – 26, 25 years later, I am the guy for whom the bags are carried, not the bag carrier. So for those of you on active duty, there's hope; stick around. (Laughter.) It's too late for Hailston and Moffitt (ph), but it's not too late for you. (Laughter.)

I've seen a lot unfold in the Pacific. Like others in the room, I've spent the majority of my professional life in and around the Pacific. My wife and I lived in Japan for a couple of years with a great pleasure of commanding the forward-deployed battle group, then U.S.S. Kitty Hawk. We've lived in Bahrain for a couple of years where Earl Hailston and I spent an awful lot

of time together in issues common to the Asia-Pacific region with a Central Command focus, to be sure; two tours in Hawaii, and a whole lot of cruises in liberty ports and time spent with our good and great friends and our allies throughout the Asia-Pacific region.

I developed a pretty good understanding for a number of factors that tend to recommend to us that that Asia-Pacific region will be of more and more and more important to us as a country and to all countries in the world over time. We, the United States of America, do a trillion dollars of trade annually with countries from the Asia-Pacific region. That's trillion with a T. About 20 million containers annually course the Indian Ocean and/or Pacific – 20 million containers. Of the 20 largest ports in the world, 15 of them are in the Asia-Pacific region, nine of them are right there in China. Nine of the 20 busiest ports in the world are in the Asia-Pacific region and are in the People's Republic of China, Shanghai now the busiest port by volume in all the world. Five of the largest armies have got five standing treaties: Japan, Australia – slash – parenthesis, New Zealand. I'll talk about New Zealand maybe in a question and answer – Thailand, Philippines, and Japan and South Korea.

On a daily basis, I'm convinced that we are in better shape in the Asia-Pacific today than we were 25 years ago. Reasons are several. I'll start with Japan – powerful ally of ours. We've got about 50,000 – 50,000 armed forces of the United States permanently stationed in Japan. Now, most of you, all of you are probably thinking, well, no, wait a minute, there's been an election in Japan recently and we may have a new government, we're going to have a new government – the Japanese people – dramatic endorsement – of a new government. Is that a harbinger of a big change in U.S.-Japan military relations? I don't think so. I'm going – we're going to Japan next week. It will be my first opportunity. And oh by the way, I've been to Japan nine times in the two and a half years we've been in command, so Japan is our most frequent stop, and that's on purpose.

I have had conversations recently with the chief of Defense staff there, Oriki-san, General Oriki. I'm very confident, almost certain that there will be, you know, maybe some discussions about certain aspects of U.S.-Japan military alliance, but writ large, no significant change anticipated, and that's good. We've had a treaty with Japan for over 50 years. They are a strategic lynchpin for us in the Western Pacific, and I'm not concerned about any significant changes.

Now, there are some interesting parts – have been, are, and will remain topics of discussion in our military-to-military relationship, one of them being the Defense Policy Review Initiative, DPRI. Many in the room know a lot about it. Some of you may have helped the department formulate the Defense Policy Review Initiative. And it has about over a dozen important facets to it, the DPRI, including movement of the Navy air wing out of Atsugi down at Iwakuni. The Japanese have built an entirely new runway. Those of you that haven't been at Iwakuni in a while, there's another runway down there; it's not a single concrete strip. They took the top off a mountain landfill and gave us another runway. So the air wing will move to Atsugi. The Japanese and U.S. Air Forces will have a common operational headquarters, if you will, the Yokota Air Base, and so on. There are certain Army movements in and around out of Camp Zom (ph), and so on, that are essentially elements of the Defense Policy Review Initiative.

The piece that attracts more attention is the movement of 8,000 Marines from Okinawa to Guam. It hadn't been the first Marine to go yet. Our president, our secretary of defense, our secretary of state have reaffirmed the previous administration's commitment to the United States in Japan executing the Defense Policy Review Initiative. The construction of the Futenma Replacement Facility, the new offshore, but just offshore, V-shaped 4,000, two to 4,000 for runways. The Japanese have not begun construction of that facility yet. They tell us they are going to. That is step one in a series of big steps that will over time lead to 8,000 Marines and I don't know 5,000 or so dependents, five to 7,000 – estimates vary – movement of those Marines from Okinawa down here to Guam. I think it will happen. I think it's going to be expensive. Think about – and they're going to Guam.

Put yourself as the governor of Guam where your population is 170,000 and all of a sudden, quote, "overnight," unquote, 15,000 more people show up. That's a significant – you know, almost 10 percent increase in your population very quickly. There are adjustments that need to be made in Guam. That's going to take some money; it's going to take some time. You can't just build new roads, improve your electrical grid; take care of waste water, put up a new Wal-Mart and get the schools and the hospitals and all of those opportunities/challenges that are attendant to a 10 percent increase in your population. You can't do that overnight; it's going to take some time. But our country has reaffirmed our commitment. So too has Japan. And we'll see what the new government – I don't expect any change in the new government – to execution of the Defense Policy Review Initiative, and the significant subset of that being movement of Marines from Okinawa to Guam.

North and South Korea: A couple of interesting things about North Korea of late. We all saw President Clinton in his trip as a private citizen to North Korea standing there with Kim Jong Il. That was great intelligence for us, or least great information for us. Kim Jong Il was upright. (Laughter.) He appeared to be cogent and capable of entertaining reasonable discussions and did so with former President Clinton. We were less certain of those capabilities than we now are. That doesn't necessarily indicate what's going to happen to North Korea in North Korea with North Korea when he does leave the old sod. The succession plan is not clear. We continue to seek with a State Department lead resumption of Six-Party talks all to end in a certifiably denuclearized peninsula – overarching goal. We are a ways from resumption of Six-Party talks, and we in Pacific Command remain firmly in support of State Department efforts to get to its certifiable denuclearization.

We got about 28,000 or so, 28,005 of our forces stationed in South Korea – Skip Sharp working hard to improve quality of life in conjunction with Republic of Korea forces and agencies, normalizing tour lengths. The years and decades of one-year unaccompanied for almost everybody – Skip's looking to change that to two- to three-years accompanied tours with great housing and great education and great medical and dental care for the young – (inaudible) – who go, and that plan is on track.

Australia: We were there a couple of weeks ago. Let me – on Australia, the published a white paper recently. Many of you in the room may have read it. Certainly you've heard of it. There are some folks who infer from certain passages in the Australian white paper that Australia worries about continued long-term U.S. military commitment capability presence in the Asia-

Pacific region. I talked to Angus Houston, their chief of defense. I talked to a number of staff personnel who helped formulate the paper, who were responsible for the final publication. I don't think that that is an accurate assessment on the part of those who say Australia worries about our long-term commitment. To the contrary, Australia remains committed to the strength of our alliance. They remain committed to exercising and operating with us, the United States of America. They are confident that we will be ready and present all throughout the Asia-Pacific region near-, mid-, and long-term.

The biggest exercise – let me be careful – a very important exercise that we conduct every other year is conducted up here in the north and northeastern reaches of Australia. It is a bilateral exercise. It is a singularly challenging actual conduct of military operations with our partners, with our allies in Australia. Remember now they have agreed to buy more F-18. They are going to buy the Joint Strike Fighter. They are increasing their defense budget under Prime Minister Rudd, and their capabilities will increase over time. So they are an effective, powerful ally of ours, and they take care of a lot of issues for us, with us in the South Pacific reaches that allow us the luxury of not having to commit significant U.S. forces down there because Australia has taken care of it.

India: When I was with Admiral Crowe in the mid-'80s, he went to India. I was lucky enough to accompany him. The discussions he had were not entirely fulfilling or productive. The engagement opportunities were almost marginal, and not much came of his visit. We just came, what, three months ago, on the day their national elections concluded. Now, think about that; think about the national elections in India – world's largest democracy. About 700 million people go to the polls in India. Thankfully this last election process was conducted without significant terrorist interruption. Don't think for a second that the terrorists didn't want to interrupt the election process; but India was able to consummate their election without significant incident, and about 700 (million) people go to the polls.

They have commitment to us their desire to increase our military-to-military dialogue, to increase the quantity and quality of our training exercises, to consider personnel exchanges on a more robust, vigorous basis than we currently enjoy, and I'm convinced that India is and will remain a very important partner of ours in a critical part of the world for all of us. Indian Ocean, they'll say to us, what did you call that? Oh, the Indian Ocean. Oh, okay. They pay attention to that sort of thing. They are developing a naval capability that's significant. They are currently undergoing a fighter fly-off. Many in the room are probably aware of this. The F-18 of the United States just returned. The F-16 is down there. We'll admit to a little bias: We prefer they buy American. It's a particular platform. You know, just as long as they buy American, that's fine with us. They're buying some P-8s and other United States military equipment, and that is all very encouraging to us.

Well, let me talk for a second or two about the Philippines, another alliance of long standing. We have about 600 Special Operations forces currently in the current islands of the Philippines, Mindanao and Holo (ph) in particular. Our troops are there and they are all Special Operations forces. They are not there to conduct kinetic military action. They are not down there fighting Abu Saif or Jamal Islamia. Our forces are down there to help the armed forces of the Philippines by, within, through those armed forces, we are contributing to the Philippine

effort to eliminate violent extremism in the Southern Philippines, all throughout the Philippines, but in particular the Southern Philippines.

I believe our forces have been effective in that they have – the armed forces of the Philippines have rolled up, captured, killed, a number of violent extremists in the Southern Philippines to the point that the people, the Filipinos in the southern part of the Philippines now understand that there are alternative available and even desirable to support of violent extremism. This is not a religious issue in the Philippines; it's an issue of stability and security. And our forces, by providing training, by providing logistical support, administrative support, and certain information-sharing with the armed forces of the Philippines, have dramatically improved the quality of life for the men and women in the Southern Philippines. And it's a very important operation for us; it's ongoing, and I think we'll continue it for a while.

People's Republic of China: Now, some folks might think that we at Pacific Command spend every waking moment worried, rattled (sp), and concerned about the People's Republic of China. We don't. We're watching them. We're paying close attention, but I don't view China as a threat. We don't want them to view us as a threat. They have capabilities they're developing that are of more than passing interest to us. They tend to fall under the category of asymmetric capabilities.

We have just resumed military-to-military dialogue with the People's Liberation Army. That dialogue was suspended by China in October of 2008 in the moments following our country's announcement of our latest Taiwan arms sales package. China immediately suspended mil-to-mil dialogue. Our president, our secretary of state, our secretary of defense, and most recently, Michèle Flournoy under secretary of defense for policy go the talks back on track and two and a half weeks ago, Major General Tex (ph) Alles, our J-5 went to Beijing and we officially resumed military-to-military dialogue with the People's Liberation Army.

Since that meeting, we have had another multinational session in Beijing of our J-4 of the region; 15 or so countries sent representatives. So mil-to-mil dialogue is back on – it's on schedule. We are anxious to achieve a couple of results: One, to continue this dialogue, to do our best not to have it again suspended for whatever reason. We want to encourage the Chinese to participate in humanitarian assistance, disaster relief, search-and-rescue exercises as examples of relatively small scale, very important, likely to be executed as disasters continue to unfold around us in the Asia-Pacific region. And China certainly has capabilities that they can continue.

We have invited them to observe exercises and they have agreed. They sent two or three guys to observe exercise Cobra Gold most recently in China. And they watched with greater interest than others the humanitarian assistance and the peacekeeping operations that were important subsets of the overarching exercise Cobra Gold. We have asked them to send some of their engineers, some of their lawyers, some of their doctors, as an example to the United States and to share information and to spend time with us. We're hopeful that those sorts of exchanges will manifest, will grow, and will allow us to perhaps in time have Chinese mid-grade officers at some of our mid-grade professional military education institutions – all of which, all of which combine to recommend to me a reason for cautious optimism in the way ahead with China.

Offset that, to be very clear-eyed about it, offset that with capabilities that are developing and a satellite, cyber area denial, submarine warfare. They're building some pretty good capability. We're watching it. We want to draw the Chinese out. We want to ask them to manifest their intention for a peaceful rise and harmonious integration by exercising not just with the United States of America but as many other nations as they would choose – that we could agree could participate. I think multilateral is a better way of doing it than bilateral, but we'll let the Chinese make that decision themselves. We'll provide them the offers and the opportunities. We will certainly observe national defense restrictions as to what we can discuss at the Pacific Command, all of which leads me, I'll say again, to be cautiously optimistic about the way ahead with China and even more optimistic than that, about the region in its entirety.

Change commands -- 19 October – Bob Willard will soon command the United States Pacific Command Navy. You know, Bob. There's nobody in uniform better qualified to oversee military operations in the Asia-Pacific region than Bob. He's had the carrier battle group in Japan. He's had 7 Fleet. He's lived all of his professional life in the Asia-Pacific region as well. So he's the right guy to come in – (inaudible) – 42 years of service on that day.

And I'm more optimistic today than I was two and half years ago. I'm more optimistic today than I was 22 and a half years ago. And a major reason for that optimism is the support of the American people. Been at this a long time, almost as long as Earl Hailston. And we move around the country a fair bit, we move around a region a lot. We're on the road 60 to 70 percent of the time. Everywhere we go, everywhere we go, in one form or another, all of these countries, all of them, say, hey, you're the indispensable partner, you, the United States of America, as perhaps demonstrated by those of us who have the pleasure of wearing the cloth of our nation.

So the support worldwide has never been better. Our role is instrumental in continuing to assure peace, to maintain stability so as to enhance economic prosperity all throughout the Asia-Pacific region. We intend to do that by emphasizing partnership, multilateral over bilateral, but build on the bilaterals that we enjoy. We need to maintain high states of readiness, and we have to be present. It's a huge chunk of the earth over which we have oversight, and nothing beats American forces being in a foreign country working with the men and women of that country, developing appreciation for the country, emphasizing at the end of the day the partnership that we have worked hard, all of you have worked hard to help us maintain in the Asia-Pacific region. I'm optimistic. I'd be happy to take your questions. (Applause.)

MICHAEL GREEN: Thank you. I'm Michael Green from CSIS. I'll be leading a panel discussion in the second hour of this program with my friends and colleagues – (inaudible). First, I just want to thank the admiral for a comprehensive and compelling presentation. I share his optimism. We've done polling here at CSIS on the U.S. position of Asia, and it bears out everything the admiral said.

Also, I've been asked to remind everyone to raise your hand if you'd like to ask a question. We'll give you a mike. One question per customer. Comments disguised as questions will quickly be exposed. We'd like a question. And we'll go for about 30 minutes, and I'll let Admiral Keating choose the questioners that he wants to choose. Thank you.

ADM. KEATING: Yes, sir.

Q: Thank you, Admiral. John Zang with CTI TV of Taiwan.

ADM. KEATING: Hi, John.

Q: Hi. Admiral, how do you see the relaxation of tension across the Taiwan Strait? And you mentioned that China suspended the military-to-military exchanges with the U.S. last year because of the U.S. arms sales to Taiwan. But Taiwan wants to buy the F-16 C/Ds for a long time. Could the United States postpone that sales for fear of another interruption in U.S.-China military-to-military exchanges? Thank you.

ADM. KEATING: There are a couple of parts to that question, John. The Pacific Command role in Taiwan arms sales is very limited. It's a national-security-level decision, and we make input but it's a national decision and those decisions are reached at much higher levels. The Chinese certainly pay close attention to arms sales to Taiwan and elsewhere throughout the world. The likelihood of mil – suspension of mil-to-mil should our country make another announcement I suppose is – it's a fair likelihood. I hope they – I hope doesn't react that way. I hope they will take a little more – a longer-term view. The national – you know, our country's policy on Taiwan has been on the books since 1979; it's hardly new, and I don't think there's going to be any change to our policy as to whether or not we announce another arms sale – entirely different matter.

The decrease in tension across the straits I believe is palpable. I'm convinced it's important. The reasons for it are several. President Ma himself is less confrontational than his predecessor. I think his position is enlightened. PRC is accepting his positions with some equanimity. The rather – the seemingly small, pedestrian steps that both countries have agreed to take – exchange of exotic animals, increase in cross-strait commercial flights, confidence-building measures of various kinds – all of them may be small individually, but they contribute to an overarching sense of stability that is unmistakable, that's gratifying and that is reassuring.

Q: Thank you.

ADM. KEATING: Yes, sir.

Q: Thank you. My name is Dong Hu Yu (ph) with China Press. A couple of weeks ago, when you visited Australia, you mentioned joint military exercise among the United States, Australia, and China, so I just wondered why this message, invitation, was not conveyed through a formal diplomatic channel, but through the media reports. Have you got any response from the Chinese side?

ADM. KEATING: I have had no response from the Chinese side. This issue developed in a situation exactly like you and I just had. I was in a very pleasant exchange of ideas with various Australians, including some members of the media, and somebody asked me, as best I can recall, well, what do you think about a trilateral with U.S., Japan and China – or, the U.S., China and Australia? I said, sure. It has gotten – there is more than passing interest in the topic,

but it was – I mean, it was – it's an idea that I think has much merit. Prime Minister Rudd, as it turns out, has voiced, before my comment, general support for this sort of notion.

I checked with Air Chief Marshal Angus Houston, a good friend of mine, who's head of Australia's defense forces. He thinks it's an idea worth considering. So there is much work to be done, to be sure. There are discussions, I'll presume, ongoing at appropriate levels in China to consider this. It wasn't an official offer, if you will; it was a statement made in good faith by yours truly, and I happen to believe that partnership is an essential element of stability throughout the Asia Pacific region, and a way of demonstrating that is to operate on a multilateral basis with forces from the People's Liberation Army, Navy and Air Force. I hope it happens. Yes, sir.

Q: (Off mike.)

ADM. KEATING: Good morning, David. How are you, Admiral?

Q: Fine, sir. Could you give us a mike? Thanks. David Belz (ph), BAE Systems, and I wanted to just ask a quick question. Thanks, I appreciate the update from DPRI, and I agree with you that the focus comes along primarily on the Okinawa-Guam move. How about in Korea? You know, there's – we're coming up with an expected change of responsibilities significantly put up in 2012. There's a lot going on in Korea in terms of relocation in the South. Could you just talk a little bit about that, and do you see that going on track, particularly with the change of operational control?

ADM. KEATING: Yeah. Short answer, David, I see it on track. We, Pacific Command, see it on track. I think I – Skip Sharp, if he were standing here, I think Skip would say he sees it on track. We have been firm and consistent in holding ourselves and our ROK allies to that agreement. There is no question that some elements in South Korea would like to delay transfer of operational control in the event of war and have it retained by the United States leadership there.

Skip Sharp, April of 2012, our secretary of defense, our president have all – I'll be careful on – if I recall, the president did, but I know the secretary of defense, in discussions at the ministerial level, have reaffirmed our commitment to operational control transfer in April of 2012. It is, from our position, desirable, it is achievable, and so we'll get there. Skip is conducting significant exercises – we play a support role to the United States Forces Korea leadership in those exercises. Many of you have participated in those exercises. I think Earl was just there a couple of weeks ago, probably. We're on track. South Korea is working towards certification. They'll get there, and it's where we all want to be in April of 2012, and I believe we'll get there. Yes, sir, yes, sir.

Q: Paul Eckert of Reuters News Agency. The U.S. official position on North Korea with the – regarding nuclear weapons is they'll never recognize them as a nuclear power, but as a practical matter, they are advancing their capabilities both with the missiles and the nuclear tests, presumably. Does that change the calculus in how you view North Korea in terms of defending the region?

ADM. KEATING: We're – we watch North Korea as carefully as we can. That's pretty carefully. They will – they, North Korea – will conduct activities that are perplexing in some ways. If it was a nuclear test – certain agencies say it was; I think the chairman has said he doesn't argue with the evaluation that this big seismic event was caused by a nuclear – more predictably, more certifiably, North Korea has tried to launch at least two Taepodongs since 2006, neither one a successful launch. In both cases, we were prepared to defend.

We, the United States then-Northern Command, now Pacific Command, were prepared to execute whatever guidance the president and secretary of defense gave us, and the guidance was pretty clear. We were ready to defend. So – but the longer term, a certifiable denuclearization of the peninsula is the goal of the Six-Party Talks. We support our Department of State in their lead role there, and whatever military action and positioning and capabilities are necessary for that support we are prepared to provide and have provided. Sir.

Q: Good morning, Admiral, Brian Kelly (ph), Coast Guard.

ADM. KEATING: Hello, Brian.

Q: Thank you for your service first of all, Admiral, and secondly, yeah, I haven't heard you speak very much about Indonesia. I was wondering if you would take a moment to comment about them and their capability and their role in the area, and then I'd kind of like to tag along, if I'm allowed, the notion of piracy among this vast amount of maritime transit – transportation that's going on. Have there been lessons learned that you've taken that have been able to be applied over off the Horn of Africa?

ADM. KEATING: Yeah, great question – great questions. Let me talk about piracy first, because then I'll work into Indonesia. A lot of you know this little body of water right here – Malaysia, Indonesia, Singapore, Thailand, Philippines all have more than idle interest in the Strait of Malacca. Eighty percent of the oil that goes to China, that goes to South Korea, that goes to Japan, that goes to Taiwan – 80 percent of that oil goes right through here. To get there, it has to go across the Indian Ocean. There are about eight to 10 ships every hour – seven days a week, 24 hours a day, 365 days a year – going through the Strait of Malacca.

Five years ago, there were around 40 to 45 incidents of piracy in the straits alone. This past year, less than five – it depends on who's kind of counting – but somewhere between two and five incidents of piracy. What's the difference, one might say? You guys, Coast Guard, helped us inform and teach the military forces of Malaysia, Indonesia, Singapore, principally, Thailand and the Philippines how to conduct law-enforcement operations in open ocean. We, the United States of America, provided certain equipment to Indonesia and Malaysia in particular – Singapore secondarily – and we helped them train their forces so as to conduct multilateral military operations to ensure – to increase stability and the ability to access the maritime domain freely in the Strait of Malacca and in water surrounding Indonesia and Malaysia.

So the effects of our efforts and the fact that countries – Indonesia and Malaysia – have well-understood rules of law and forces who are empowered to enforce international and national

law lead to a near-zero incident rate of piracy in the Strait of Malacca. Is some of that transferable to the Gulf of Aden? You bet. Critically missing is the element of rule of law in countries that would border the Gulf of Aden. I think the number of countries who have ships in counter-piracy operations in the Central Command AOR and Africa Command AOR – it's about 15 countries at last – when I last checked. We've got ships there; China has ships there; Japan has ships there; South Korea has ships there; India has ships there; Australia has ships there.

The coalition taskforce will be led in January, February and March by a Singapore flag officer. China chooses not to participate as an element of the coalition, but they're communicating with other ships in the coalition on bridge-to-bridge e-mail and flags and the stuff that Navy and Coast Guard folks do. But the fundamental issue is the nations whose shorelines border the Gulf of Aden and the southern part of the Red Sea – so I think that the likelihood of a similar decrease in instance of piracy in the Gulf of Aden is not so high as it has been demonstrated in and around the Strait of Malacca – Indonesia in particular. Ten, 15 years ago, the armed forces of Indonesia – some of them were accused of pretty significant human rights violations; today, not happening.

The special forces – Kopassus, we would like to train a little more with them. There are certain proscriptions as to the activities we can conduct with Kopassus. We're working with the secretary's office, both state and defense, to get another look at those statutory restrictions so as to allow us to engage more vigorously with the special operations forces, Kopassus, of Indonesia.

Think of how Indonesia has felt the sting of violent extremism – attacks in Jakarta two months ago, nine people died, thankfully none of them American, but tragically nine, three of them Australians. And then the Bali attacks two-and-a-half years ago – 2008, I think – the fatalities, 80-some of them Australians. So Indonesia certainly understands what it's like to be engaged in the struggle against violent extremists. We are encouraged by the work done by Indonesian law enforcement and military officials and intelligence officials, and we've got a fairly vigorous information and intelligence exchange program with them so as to make it much, much tougher for violent extremists to operate in the vast reaches of the Indonesian countryside and shore-side to make it increasingly difficult for those misguided folks who would lend administrative or financial or logistical support to violent extremists.

Indonesia is doing an increasingly effective job of restricting, eliminating, putting the noose around the neck – a little strong – reducing the impact of violent extremism in Indonesia. I'm going to hear about that. (Laughter.) That's all right, I mean, that's what we're doing. We want to capture or kill those guys at the end of the day. Their goals are the same as ours.

Two-hundred-and-ten million, 220 million people, most of them Muslim – they're a very strong partner of ours. They're not an ally. They don't particularly like to be considered an ally, but they like us around. Once again, they view us as the indispensable partner, and we are happy to engage with them on that basis and we want to continue to develop the relationship that is building since – over the past 10 years or so, and remember, they just had nationwide free elections, and President SBY was reelected. And I had the pleasure of meeting him once, and he is committed to the strength of our partnership. Thanks, good question. Yes, sir.

Q: Thank you. I am Hong from Yonhap News Agency, South Korea. Do you see any signs of North Korea conducting another nuclear test? Also, how would you assess North Korea's ability to produce nuclear weapons with uranium, not plutonium, and how did you assess the strength of the North Korean nuclear weapons tested in May? Thank you.

ADM. KEATING: I should have stopped one question ago. (Laughter.) The goal of the Six-Party Talks is clear: certifiable denuclearization. It seems to us very much in North Korea's interest to permit certifiable denuclearization inspection. In so doing, they would take a great step forward in verifying their goal to be a reasonable actor on the world stage, if you will.

I can't comment on numbers of nuclear weapons or uranium or plutonium – those are intelligence matters, and I can't go into them – but I will say that all of the other parties in the Six-Party Talks have – we share – and think about that. This is China, Russia, Japan, South Korea and the United States – a pretty diverse, large element representing, I'm confident, a vast majority of the rest of the nations in the world, all with a single, easily enough obtained goal, and North Korea's leaders know what we seek. Not just we, the United States, but we, all of us, South Korea, China and everyone.

They should not proliferate. They must not proliferate. They should enable inspection of whatever facilities they have, and think of the benefits that this will yield for the people of North Korea – significant improvement in a miserable quality of life. So achievement of Six-Party Talk goals – one, foremost: certifiable denuclearization.

We, Pacific Command, are in support of the State Department lead here, and I hope within my lifetime that we can see that. I don't think we'll see it as long – while I'm on active duty, that's just another month, but I hope within my lifetime we can see progress made toward certifiable denuclearization. Thanks.

MR. HAMRE: Thank you, gentlemen, let's thank Admiral Keating. (Applause.)

ADM. KEATING: Thank you, John, always a pleasure. Thanks.

MR. HAMRE: You can see why we were so anxious to have him come to get us started with this series we're going to be doing with the combatant commanders. Thank you. We promised him that he was going to get wheels up, and we've got another great panelist coming. So Michael, why don't you take it over, why don't you bring the panel up and I'll see the Admiral out.

ADM. KEATING: Thanks, everybody, I enjoyed the opportunity. (Applause.)

MIKE GREEN: I'm just going to go down the line. Thank you very much. We structure these forums so that after our principal speaker gives their perspective as combatant commander, we have a panel of experts who can burrow deeper into some of the issues from the perspective of regional experts, the media, the U.S. Congress, and we have a terrific panel today. We're

going to spend about half an hour and sort of exchange views on what we heard – what we think bears further elaboration, and then we'll open it up, people can comment.

I'll take two questions. My dad's in the Coast Guard Auxiliary, so I'll give you a pass. To my left here is Frank Jannuzi, who is the senior East Asia advisor for the Democratic staff of the Senate Foreign Relations Committee. Frank is an old Asia hand. He's lived in Japan; he's a China expert; he's served in the Bureau of Intelligence and Research in the State Department and is one of if not the most important staff around Asia-Pacific issues in the U.S. Congress.

Randy Schriver, a friend, former colleague from government is one of the founding partners of the international consulting firm Armitage International and is the CEO and president of a think-tank established last year called the 2049 Institute, which does long-range strategic analysis and projections on Asia-Pacific political and security issues. Randy has served with great distinction in the State Department as chief of staff for Deputy Secretary Armitage and as the deputy assistant secretary in charge of China, Mongolia, Taiwan.

And then Jim Kitfield – James Kitfield – who is the national security and foreign affairs correspondent for the National Journal, a very respected independent and authoritative journal. He's won a number of prizes, including this year the Gerald R. Ford Prize for Distinguished Reporting on National Defense. I'm Mike Green. I'm from CSIS, the Japan chair here and I work on broader-Asia issues. I was in government with Randy during the Bush administration; I was the senior director for Asia at the National Security Council staff.

Let me open up by asking each of you, going down the line with Frank first. First, I should emphasize, this is not a roast of Admiral Keating, especially since he's not here. (Laughter.) That wouldn't be any fun. What we really want to do is elaborate on key insights he had, highlight things that were, perhaps, not mentioned, flag things that were maybe surprising or different from past statements from the Pacific Command. But I want to ask each of you initially what struck you, what you think bears further elaboration. And we'll start with Frank.

MR. JAMUTI: Thanks very much, Michael. And it's my great pleasure to be here with an expert audience. I look forward to learning from them as well as sharing – the panel up here – some thoughts on what's happening in the Asia-Pacific region.

You know, I was struck by Adm. Keating's overall tone of optimism, which I think is entirely appropriate. And yet I think that there are some looming issues that are not strategically resolved that we can delve into maybe in greater detail. And one of those has to do with the situation between China and Taiwan.

As someone who's been traveling to China every year since 1984, I've witnessed the perturbations in China-Taiwan relations. And there's a certain constant, which is, the economic engagement between the two has been growing steadily, especially over the last decade.

But I wouldn't put so much confidence in the current goodwill and charm offensive going on between Taipei and Beijing. And I say that because I think that there are still some fundamental differences in long-term perspective between the people of Taiwan and the people

of China about how the Taiwan question is going to be resolved, and when, and with what ultimate outcome.

So as we look at the future of China-Taiwan relations and how it's going to impact the U.S. security position in the Pacific, I wonder if we ought not to be focusing as much attention on building a strong security partnership with Taiwan as we are with reaching out to China, to make sure that we remain balanced and in position to defend our security interests there.

We didn't hear quite as much about what we're doing with Taiwan in the security realm. Michael, during his tenure in government, was instrumental in helping to strengthen some of the defense connections that we have with Taiwan. We don't have an alliance; we're not going to have an alliance with Taiwan. But those security relationships are very important.

I was also struck by the optimism with respect to the changes underway in Japan. And I share that optimism. I think there's a lot of teeth-gnashing going on in certain sectors of Washington – worried about and uncertain about what the new government in Japan will mean for certain elements of the U.S.-Japan alliance. And I think that the strategic direction of Japan is clear and I think the future of the alliance is sound.

Some people say that this may complicate the Futenma base issue, to which I reply, well gee, it's been pretty complicated the last 30 years – (chuckles) – last time I checked. There hasn't been an easy resolution of basing issues on Okinawa and it's going to get any easier with a new government in Japan, which may wish to revisit some of the planning that's already taken place. But I'm hopeful that, at the end of the day, as the admiral said, that these issues will be resolved, and Marines will move to Guam and our footprint in Japan will decrease, which will enhance the sustainability of the alliance.

One issue that did not come up in the admiral's presentation explicitly was Burma. And I was a little bit surprised that it didn't, but given the time constraints, maybe it's appropriate that it didn't. But Adm. Keating was on the ground in Burma, arguably the first sort of high-level mil-to-mil conversation that we've had there in the wake of the hurricane.

And I think I share the view of many on Capitol Hill that our policy toward Burma has failed. But what is unclear is how it might be adjusted to become more effective. And there's a great debate and there's no consensus on Capitol Hill about this.

I think that in general, people tend to support sanctions and pressure; I think that's fine. But sanctions and pressure without meaningful dialogue and opportunities for engagement to explore what may be possible in terms of change in Burma – I think the track record says that that's not going to work. And it especially doesn't work when you don't have any consensus among the major neighbors: China, India, Thailand – they don't agree with the U.S. approach.

So we need to take a look at Burma, and it does pose real security issues for the region because the refugee flow out of Burma, the risk of instability among the ethnic groups there, is very significant. This is really a regional issue; it's not internal to Burma. So just a few things the admiral touched on and some things that he didn't, where I had a few thoughts.

MR. GREEN: Thank you. We may come back to several of those – maybe arms sales to Taiwan, for example; Burma – 50-plus million people, not only a human rights/democracy/humanitarian challenge, but now part of the proliferation puzzle. And Japan will have plenty to say about it, I think. Randy?

MR. SCHRIVER: Thanks, Mike, and thanks to CSIS. I enjoyed the remarks and thought it was a very comprehensive address to our audience. I was struck by a couple things. I'd agree with Frank – I thought the admiral had a very optimistic outlook. I suppose that's good; you want your combatant commander to be optimistic and to feel confident.

But I think there are definitely some trend lines unfolding in Asia that should have our attention very firmly – and I'm sure that have his – but maybe were a bit understated given his outward optimism.

I thought he did an excellent job of talking about some of the capabilities that the PLA is acquiring. He did focus on asymmetric capabilities and I think that's the key element in China's acquisition strategy right now.

He mentioned anti-satellite – cyber. He didn't mention what I think is probably the most important system that is under development, if they're actually successful at it, is the anti-ship ballistic missile. But it conveyed to me that Pacific Command is looking at the right things with respect to the PLA.

One thing he didn't mention, which I think is just as important as how we prepare for a PLA that's modernizing and acquiring these capabilities – within the context of our mil-to-mil engagement, safety on the high seas, crisis communication, these things are essential. And perhaps he was going quickly through the whole region and quickly through the China relationship, but I didn't hear specific mention of that, and I think that's probably the most important element.

If the Chinese will engage with us in a meaningful way on the military-maritime consultative agreement, if they will send operators to the room and talk about safety issues and communication protocols, and if we can have reliable crisis communication that we can have confidence in, rather than phone lines that don't get picked up in the event of an actual crisis, that would be extremely constructive. And I know it's something that Pacific Command and Adm. Keating himself have been involved in.

Just a couple other things: I was struck a bit that Taiwan was not really mentioned until my friend John Zang mentioned it in the Q&A – and I would underscore what Frank said. If you think about it, the combatant commander of the Pacific Command has two op plans that he's really responsible for. Obviously he's responsible for contingencies in the whole region, but he's obliged under the law to have an op plan for Taiwan, and that, seems to me, would always be central to the commander's outlook with respect to the region.

And we have a dynamic – I agree very much with Frank – it's not so certain that that trajectory can't be disrupted and we can't find ourselves in a different position a few years from now. And the key point to that whole dynamic is, of course, the PLA efforts opposite Taiwan haven't remained static; they've continued to build up opposite Taiwan.

So yes, diplomacy is underway; the environment is improving politically, but you have an increasingly complicated security situation with the PLA buildup continuing, and Taiwan somewhat stalled in their own defense modernization.

Just a couple other things – and these are sort of region-wide, not country-specific. I don't think he mentioned on his watch, sort of, the cost or the drag of the ongoing conflicts in Iraq and Afghanistan, unless I missed it. And it's my impression that this has taken a significant amount of resources away from Pacific Command. Obviously, these are national priorities and it's an all-hands-on-deck kind of effort when you're engaged in these kinds of activities. But I would have been curious to hear more about that dynamic on his watch and what implications that might have for the future.

I think the point he made about what was mentioned in the Australia defense white paper, some of the other buzz you hear about the region, about our staying power, is somewhat related to this, you know. Yes, the U.S. has a permanent form of presence, and bases, and allies and commitments, but some resources have been diverted. Will they come back? Will they come back in full strength? Will this be the same level of commitment that's it's been in the past? I'm confident that it will be, but I just didn't hear the commander expand on that.

And then, leave it to the Republican to raise the fuzzy global issue, but I didn't hear any mention of climate change or any of these sort of non-traditional security issues. A little mention of energy in the context we're talking about – the Strait of Malacca. But I think the impact of climate change in Asia will be particularly significant, particularly given the Arctic ice melt and what that could mean for resource competition, maritime boundaries, maritime domain awareness, even reduced transit times between the Pacific and other theaters. So that would have been interesting to hear a little bit about, but again, the press of time and all the things he did cover in his excellent address are probably to explain that. But, thank you.

MR. KITFIELD: Thank you, and it's great to be here. You know, as a journalist, what I was struck by was the same thing all these other analysts were struck by: this sense of sort of optimism about the admiral's statements. And I assure you, 4 or 5 years ago – and I got the briefing from the Pacific commander back then – it was a much less optimistic assessment. China was building up massive numbers of surface-to-surface missiles and across the Taiwan Strait there was huge amounts of bellicose rhetoric going on. There was white papers being written in China about the cross-strait invasion of Taiwan. It was really a bad time; it was an absolutely different briefing than what we just got here.

And I, actually, at the risk of saying some pretty obvious things – there may be a teachable moment here, so I'm going to go ahead and say them anyway. The admiral said, well our policy hasn't changed since 1979 and the One-China policy. Well, anyone – and I'm sure almost everyone in this room knows – there's a huge tension within that One-China policy

between those who thought we should be closer to Taiwan and make our support for Taiwan much more explicit, and those who thought engagement with China over a long term was the way to go; in that way you draw them into the international system.

Well, you know, we saw with the first Bush term – not the second, but the first Bush term – people in positions of power who thought the former: that we should make our support for Taiwan much more explicit. President Bush himself came out and almost removed the ambiguity from the One-China policy by saying we would come to Taiwan's defense – very explicit things. We had the big arms package that went further than any other arms package to Taiwan, with submarines, et cetera, even though they were never delivered or bought.

And China got its back up. It's got its back up in a very serious way. And it seems to me that where we are now – I will call back in that time, there is a certain check we've written to Taiwan in the One-China policy. But, you know, what we saw when you got that much overt support, it seemed to me, was they saw it as a check that was already signed, and they could fill in the amount.

When Secretary of State-then, Colin Powell, resisted some of this, it was seen as sort of resisting the neo-cons in the Bush administration in the first term. The Taiwanese government put a full-page ad in the Washington Post criticizing our secretary of state for being not on board with the new American direction. I mean, I had never seen anything like that in my life, and I don't think neither had Colin Powell; he was very upset about that.

So I think that there is – we've seen that that path has its own risks. And I'm sure some of my panel members will probably disagree with me on this. But this assessment – the fact that Taiwan and China are talking again; that there's less bellicose rhetoric; the fact that Taiwan is not pushing the boundaries of independence quite so overtly has led to a position where China has backed off. I was at a breakfast with Adm. Keating before this event, and he said the pace of those deployments across the Taiwan Strait – although they have not been removed – has slowed considerably as the waters have cooled.

So I think that's a positive thing and I think there's probably, like I said, a teachable moment in here about – I mean, we talk about getting closer to military cooperation with Taiwan. That's fine, but we should also understand that China views this as a zero-sum game, so if you're going to do that, you have to calculate in, what's that going to do with your relationship to China?

Now, maybe there's a quid-pro-quo you can throw in there, but don't think that you can get closer and closer military ties to Taiwan and not upset China because we've learned that is impossible to do. It doesn't mean shouldn't do them, but it means you should take that calculation and that understanding into the equation.

And just, very briefly, I mean, I agreed with most of the optimistic assessments with our partnerships in the region. Japan, you know, I've been there and I went through this whole discussion with this whole new footprint. I think that it has a lot of positive implications to it. I think, to Japan, we really are the indispensable partner; they really have no other partner. So a

new government may come in and say it's going to tweak the relationship, but there's only so far they will go because they're not going to cozy up to China, for obvious reasons. And they are concerned about the rapid growth of China – not only its economy, but its military.

Actually, I think probably the signature success of the Bush administration's foreign policy in Asia was its rapprochement with India. Ties are much stronger there and that relationship has definitely improved in the last 8 years. Australia, again, very strong. South Korea, very rocky. This whole time, when we were seeming to tilt more towards Taiwan and relationships with China suffered, we saw our relationship with South Korea suffer, too. They're very uncomfortable being seen as coming between us and China. I think that relationship now is on a firmer footing.

The one, obviously, negative is North Korea. They were not a nuclear power 8 years ago; they are a nuclear power now. I have not seen anything to suggest that we've solved the issue of North Korea. Maybe it's unsolvable; maybe the best you can do is try to contain it. I think that's probably for the foreseeable future, the best you can do. I'll leave it at that.

MR. GREEN: Thank you, James. A small trivia point: The author of that Washington Post article criticizing Colin Powell on Taiwan policy was stuck in the Dulles Airport ANA business class lounge with me, Randy Schriver, and Rich Armitage the day it appeared. (Laughter.) And if you've seen Rich Armitage, you generally don't want to piss him off. (Laughter.) So he came up very sheepishly and apologized for causing trouble, and then Rich dropped a safe on his head. (Laughter.) No, Rich was very gracious.

Well, there are couple things we want to focus on before we open it up. I think Taiwan is front and center. I should emphasize – I think the consensus on the panel is Adm. Keating's strategic priorities were right on target. As I mentioned briefly earlier, we've done polling among elites in Asia here at CSIS, and I think other polling done of public opinion shows that the U.S. position in Asia is stronger today after his tenure than ever before, which is a credit to his efforts and the Pacific Command. And, besides, we're think tankers; we're in the glass-half-empty business. And much of what we've just heard is, in many ways, really, things that are going to be on the plate for Adm. Willard after October. So I want to look forward at some of those issues.

Taiwan, we spent some time on Taiwan; let's do another round. I'd be curious what people think about this issue of arms sales, and how we manage relations with the PRC. Adm. Keating rightly pointed out that it's a National Command decision and the Pacific Command has input, but doesn't make the call. Adm. Willard will have to make some input. The delta in capabilities across the straits is growing, and Taiwan's F-5s are quite old.

On the other hand, you have the president going to China in November. You have the example of mil-to-mil being interrupted by past arms sales. I'd be curious how, from congressional and regional perspectives, how you see this playing out over the coming year, when Adm. Willard comes on to the job.

MR. JANNUZI: Let me start off and then – Randy and James have a lot of expertise on this, as well. I think the key thing to understand about the Taiwan-China military balance is that no amount of arms sales to Taiwan is ever going to give Taiwan the capability to defeat China. So, on the one hand, the entire exercise is one of deterrence; it's one of trying to ensure that the Taiwanese are a hard enough target that the Chinese are dissuaded from any adventurism.

So having said that, you look at the arms package that's already been approved for sale to Taiwan, and the fact that Taiwan has not yet proceeded to fully implement that package, and I think a reasonable person would say, now is not the time to be rushing into new arms sales to Taiwan. Let's see how Taiwan does in integrating the packages that they've already purchased, completing those purchases, and then make an assessment. So I don't think the administration is under immediate time pressure, notwithstanding Taiwan's obvious interest in the F-16 C/Ds, in making any dramatic new decisions about arms sales to Taiwan.

But it's a decision which will be made, as the admiral said, at the highest level, and a decision made according to law. And the relevant law is the Taiwan Relations Act, which is an interesting law because it is very clear in what should or should not be taken into account with respect to Taiwan arms sales. And what should not be taken into account is China's inevitable objections to any and all such sales.

And so what we have to do is try to make an assessment as to how to best secure our national security interests with respect to arms sales and Taiwan, and reasonable people can disagree. I'm not hearing on Capitol Hill a groundswell of pressure on the Obama administration to do more on arms sales to Taiwan. I think that people look at the political rapprochement that is underway between Beijing and Taipei, and they take some comfort from that.

But what I meant to say earlier was simply that intentions can change faster than capabilities. And the delta on the capabilities is clear: China's capabilities are growing much faster than Taiwan's. The obsolescence, in particular, of Taiwan's air force is already a real issue and it's only going to get worse.

But I think, for the United States, we have to figure out how best to promote peace and stability across the Taiwan Strait, and arms sales are only one component of that. There's a whole political strategy involved; there's also mil-to-mil engagement with China that can be used to help mitigate the risks and reduce the threat.

So just drawing on my historical perspective, I would say that we've seen a real change on Capitol Hill from when I started there in 1997 – at a time when you had Jesse Helms as chairman of the Foreign Relations Committee – when you had a much, much more skeptical Congress when they looked at China and its inventions vis-à-vis Taiwan. And a Congress that was much more quick to jump toward getting closer with Taiwan in the defense sector.

I think today people understand that the people of Taiwan and the government of Taiwan itself are trying to reach out to Beijing and reduce tension. And I think that ultimately we need to take our lead somewhat from the people of Taiwan and have an appreciation for the wisdom that they have in how to deal with China.

But a final thought on this, Michael, is just that the people of Taiwan themselves are of mixed opinion, right, about how to deal with China. And again, Ma Ying-jeou's approach, while it enjoys broad support in general – this idea of tension of reduction – when you go beyond and you start talking about the final political settlement of the Taiwan question, there's no consensus on Taiwan and how to proceed. And I think most people tend to support the status quo.

So again, we're in a window right now of relatively low tension. I think that window's going to remain open for several more years, but as you start moving toward a long-term horizon, it's much more difficult to see how this question gets resolved.

MR. SCHRIVER: Well, I'll just add very quickly, I agree with most of what Frank said. Maybe I fall in the category of an unreasonable person because I think there is a little more sense of urgency to what we should be doing to support Taiwan.

I think there's at least two cuts to the analysis: One is the straight, sort of legal interpretation of the Taiwan Relations Act, which in my mind, couldn't be more clear – that we are under an obligation to make systems available to Taiwan. Whether or not they buy them, I agree with Frank, is up to Taiwan.

But, given the threat, given the continued build-up, and if I heard what you said correctly, there's an inclination to give the Chinese credit for slowing the pace of the build-up, but the build-up is continuing. I think that's, in and of itself, a pretty remarkable thing given the diplomacy and the improved political environment and the fact that Taiwan has essentially taken an acquisition holiday; that the PRC build-up is continuing. So, to me, the legal requirement is crystal clear.

But the second cut is really a philosophical cut. And it has always been the position of the United States that our arms sales to Taiwan are not a deterrent to cross-strait interactions or diplomacy; it's actually to help Taiwan to have the confidence to go to the negotiating table and to engage in diplomacy in a consequential way without a gun to their head. So our arms sales are actually supportive of cross-strait diplomacy.

And if you look at the actual historical record, despite all the protests and accusations that these are obstacles to dialogue, in fact, there's almost no correlation. And if there is a correlation, it's actually in the other direction; our largest single arms sales package in the history of the U.S.-Taiwan relationship was the 1992 F-16 sales, which were shortly followed by Gu-Wang Talks and two rounds of cross-strait diplomacy.

Ma Ying-jeou himself has said, we need F-16s, let us manage the cross-strait dynamic. We need these aircraft for defense, but let us manage cross-strait diplomacy. And I would certainly take him at his word and have confidence that he can do that. So, to me, it's a little more clear and there's a little more urgency to this matter, but maybe I'm the outlier here.

MR. GREEN: Let me – go ahead, do you want to weigh in on this one? One of the things that struck me was the admiral's comments on North Korea. And I found it very, well,

reassuring and important that he emphasized certifiable denuclearization. And I think the administration deserves credit for not straying from that goal and for not falling for buying the same horse twice.

But it also struck me when asked about the – if I understood the answer correctly – the military implications, the admiral's response was, watch it very, very closely. But it didn't seem to have any significant impact on our thinking about military strategy vis-à-vis the North Korean threat. By the way, we'll have Skip Sharp here in this forum – and perhaps we can announce that at the end; I forget the exact date. So he'll be able to answer these questions himself.

Twenty-twelve (2012) is the date when we're supposed to transfer wartime operational command to the ROK. Twenty-twelve (2012) is also the date that the North Koreans have repeatedly state will be their coming out as full nuclear weapons state. There are debates in Japan about the credibility of U.S. extended deterrence after the nuclear test in North Korea and some similar discussions in South Korea.

Is Adm. Willard, as the next Pacific commander – the next commander of U.S. Forces-Korea – going to have to think a little differently about our military strategy vis-à-vis North Korea in terms of a different kind of threat and a different kind of reassurance we have to give our allies? I'll open that up, James. Maybe you can take our first stab at it.

MR. KITFIELD: It's an interesting question. I actually think that it changes the equation. How can it not change the equation when you're confronting a very unpredictable, hermetic regime that now has nuclear weapons, that has proliferated everything it's ever had, and apparently, was building a nuclear facility in Syria, and, apparently, also willing to sell nuclear technologies to Burma?

So, yeah, it does change our calculation; it emphasizes actually – and this came out in the breakfast before, too – that Adm. Keating is very happy to have some level of missile defense now. You would think that would be something that the next Pacific commander would want more of. Absolutely, I think it would want you to strengthen the number of ties and informal arrangements that are part of our proliferation security initiative. So you can do things like they just did in turning this North Korean ship around – using those U.N. resolutions to say, you know, you're not actually allowed to do this stuff.

You know, there's never been a good military option on the Korean peninsula. It's gotten significantly worse now that they've got nuclear weapons. (Chuckles.) In fact, it's so bad that it's very hard to imagine you're in anything but a containment-deterrence situation until or unless you come to some breakthrough in six-party talks that no one I talked to thinks is imminent.

MR. JANNUZI: Just briefly on DPRK, nobody in Washington ever lost any money betting against a resolution of the North Korean problem. And unfortunately I think this president's tenure in office, whether it's 4 years or 8 years – he's going to have to deal with North Korea. As Bill Perry says, he's going to have to deal with it as it is and not as we would wish it to be.

And what it is is a limited nuclear capability which greatly complicates everything that we're trying to do on the peninsula. It affects our deterrence posture; it does, I think, require some adjustment and reassurance to our allies to make sure that they do not, in any way, lose confidence in our extended nuclear deterrence. And it definitely requires a nonproliferation emphasis by the United States in concert with other countries.

It's very significant that South Korea has joined PSI. They were cooperating with us before but they're cooperating with us at a new level. It's significant that China has begun to interdict movement of sensitive materials across the border with North Korea. I've walked along that border; I've watched the trucks go across at Yen-bien (ph). There's an awful lot that moves across that border. None of it moves across the border in trucks without the Chinese knowing about it. And if they are being more vigilant now, as I believe they are, that's a very, very encouraging sign, and I think it sends the right message to Pyongyang.

But the DPRK – is there any hope? I mean, 2012 is the hundredth anniversary of the birth of Kim Il-sung. The North Koreans are sensitive to these dates. I think they would very much like to realign themselves. North Korean officials talk about the reset button that Hillary Clinton pushed with the Russians. I think they'd like to reset the game in Northeast Asia. They'd like to be accepted as a nuclear power – that's not going to happen.

But their desire to reconfigure their relationships with the United States, with South Korea, with Japan and China – I think we need to explore that, try to see whether or not we can leverage it to convince them to move back onto the path of denuclearization. Like I said, no one lost any money betting against resolution, but it doesn't make any sense to cease our efforts in this regard, and I think Admiral Keating gave you a very clear explanation of where the administration is. I don't think their goals have changed, and I do expect that sometime in the next few weeks, we're going to see a resumption of dialogue with North Korea, but whether or not that dialogue will in fact bring them back to the multilateral table or not remains to be seen.

MR. GREEN: We should never be in the business of encouraging North Koreans to push buttons of any kind. (Laughter.) I flagged the wartime OPCON because of my own personal bias, and this one is – that we should be reconsidering how we do that. And I think there are very strongly held views in South Korea represented in 10 million signatures in a national petition that maybe this isn't a good idea.

On the other hand – and we'll probably get into this deeper when General Sharp is here – we've made progress, we've demonstrated we can do some of this. So it doesn't mean we turn the clock back to 2006 or '7 (2007) but we, in my view, need to be thinking a little bit harder about how we sell this or how we package it and some of the possible losses of capability that come when you reduce jointness, which is part of what's happening. So for another day. Let me ask about New Zealand, I want to ask Randy because Randy has written on this and worked on New Zealand, as did I. The admiral promised to answer questions about New Zealand, it was very tantalizing, and then he escaped. It is possible that under Adm. Willard we'll see the – we'll be talking about a U.S.-New Zealand alliance again?

MR. SCHRIVER: I think it's – first of all, I love talking about New Zealand. We get the New Zealand caucus together, all five of us, on occasion – (laughter) – and I think it's very, very unlikely you're going to be talking about an alliance. It's, I think, extremely likely you'll see a continued trajectory of closer ties and more interaction between the United States and New Zealand and other parties, and I think the sort of conceptual framework is moving in the direction of an all-but alliance. The policies made sense when the United States put the alliance in abeyance in 1986; they make sense today, in my view. It is inappropriate to have a full military alliance with all those commitments and obligations if you can't actually implement it.

It's inconceivable that we could come to New Zealand's defense – and that would include national disaster and humanitarian crises – it's inconceivable that we could do so without some nuclear power. So it's – in my view, it continues to be appropriate to hold the actual alliance in abeyance, but we're talking about New Zealand doing things that are in our direct interest, in our very highest national priorities. They've sent troops to Afghanistan, continue to have a presence, they've contributed to reconstruction in Iraq, they've contributed to anti-piracy and they've contributed to stability operations in the Pacific islands.

These are all things that contribute directly to our interests and therefore suggest we should not remove this as an obstacle, because it's not going to be removed, but find a way to strengthen our relationship with New Zealand in appropriate ways that allow us to be better-positioned, to meet mutual objectives, mutual goals. I think John Key is of that mind and I think the Obama administration officials with whom I've spoken are also of the same mind. So I'm pretty optimistic about this, but not a full alliance at any point on their watch, would be my guess.

MR. GREEN: Thanks, Randy. I think we have time for some questions, is that right – yeah, so we'll take questions and comments from the floor. If you could use the mike, identify yourself, I think we're willing to take two questions if you want, sir.

Q: Hi, Yochi Dreazen from the Wall Street Journal. Frank, can you talk a bit – the admiral's comments about trying to get some of the restrictions on aid to the Indonesian special operation forces. Can you talk both about what those restrictions are currently and also how far along the process of lifting them actually is? Thanks.

MR. JANNUZI: Sure, I'm happy to address that. Congress imposed restrictions on IMET training with Indonesia because of human-rights concerns about the Indonesian armed forces, especially their conduct in East Timor, but also more generally. And two years ago, I believe it was, or at least almost two years ago, Congress lifted – granted the administration waiver authority to lift almost all of those restrictions. And the administration did so on the very first day that that waiver authority became operational, and deputy assistant secretary of state Eric John came up to the Hill and said, look, we're going to proceed now with training for the Indonesian armed forces because of the improvements that have been made under SBY on accountability and rule of law, and also because of the imperatives in enhancing our cooperation with Indonesia in a whole host of security areas, especially in counterterrorism.

Congress remains concerned, especially about the conduct of Kopassus. There remain unanswered questions about Kopassus' conduct, not only in East Timor but also in West Papua, and so we are working through, with the Indonesian government, some of these questions. And really, the senator who has taken a lead on this is Senator Leahy of Vermont. He has, as I understand it, a couple of letters that have been written to the Indonesian government requesting some additional information with respect to Kopassus' conduct that have not been answered or sufficiently answered. And he's working with the administration to try to establish some benchmarks that would lead to the resumption of full, normal, mill-to-mill relations with Indonesia.

But I want to highlight two things. One is that the remaining restrictions with respect to Kopassus have not significantly impacted a whole slew of things that we're doing with Indonesia, whether it's counter-piracy, whether it's anti-extremist training and law-enforcement cooperation. You know, we are doing more with them now than ever. And the second point is that I think there is a willingness on the part of those members of Congress who are most adamant that the questions about Kopassus be answered, there's a willingness to observe Indonesia's conduct, to observe the prosecution of those generals and other officers who may be directly responsible for human rights abuses in East Timor and to judge Indonesia by their actions.

And I think there's also a much higher confidence now, on the part of many members of Congress, in the government of Indonesia and in SBY's efforts to reform the leadership of the armed forces of Indonesia. And this gives, I think, the Congress increasingly confidence that the remaining restrictions can be lifted in the foreseeable future. But I wouldn't want to hazard a date and I think that it's important to understand that the restrictions that were put in place were put in place for a reason and that those reasons remain valid.

Q: Peter Sharfman, MITRE Corporation. Adm. Keating referred repeatedly to countries in the region viewing the United States as an indispensable partner, but the exception to that, perhaps, is China, which views the United States as certainly powerful and important but not necessarily indispensable. Could you look a little bit further into the future, years rather than months, and talk about the implications of that?

MR. SCHRIVER: Well, I think there's great ambivalence, actually, in China. I think if you really press them, they acknowledge that it's actually been U.S. presence and U.S. alliances that have created regional stability such that they've been allowed to focus on their internal development and do all the things that they want to do to become a greater power. But I do think if they look out beyond the horizon, they would primarily see the U.S. as a complicating power to many things they want to do.

I think they don't necessarily have a near-term plan to try to actively supplant the United States or drive the United States out of the region, but I think a lot of their diplomacy is designed not only to improve their only lie, in the golf sense improve their lie but essentially, the beginning of a game for influence and a sort of protracted effort to be the premier regional power. I don't know if they have a timeline of when they can get there, but it – and the timeline, in fact, would be a sort of complicated calculation because they're watching ourselves – they're

watching the United States, are we going to pull ourselves out of the game, and I think there were questions in the second term of the Bush administration, were we diverted in a way that was going to have sort of permanent consequences, would we reconstitute in Asia in a meaningful way, and so forth?

But I think their desire is to have the range of movement and range of freedom in their diplomacy and in their military affairs in a way that's less complicated by the U.S., and that's a long-term objective, and to me it's pretty clear. But in the short term, again, there's ambivalence because they see that this has actually served them quite well in terms of keeping peace and stability in Asia, keeping Japan from remilitarizing, at least that's how they see it, not necessarily how we see. But so it's been a near-term benefit to them, but over the long term I think they would see us more as a complicating factor to their objectives.

MR. KITFIELD: Let me weigh in. I think – well, as you know, there's a great deal of attention to this idea of a G-2 that's been put out, not by the administration but by very prominent people like Bob Zoellick and others that the U.S. and China would manage the global economy, manage other challenges like climate change together. It's a deeply unpopular idea in Europe and Japan and India and Australia. It's also kind of unpopular in Beijing, I find, at least, because they don't want to have to take on that responsibility. So not much will happen there. On the other hand, some gravitation towards a bipolar condominium in Asia where Beijing has an effective veto or works out major security issues with the United States has a traction, I think, for a lot of Chinese strategic thinkers, because you have the benefit of having some U.S. presence, with all that that brings, but you have some control over how much the Americans can shape the security environment.

I think one of the delicate balances, one of the challenges for the Pacific Command is to encourage bilateral cooperation with China, encourage the sense that we have not zero-sum, you know, relationships, but that we can build win-win relationships while at the same time not conveying the impression that we're interested in a bipolar condominium in Asia. And the best way to do that is to do exactly what Adm. Keating did, which is to start your talk with our ally Japan, our ally Australia and so forth, which is why he spends so much time traveling to Tokyo and to Japan and elsewhere.

I also have to say, I find it fascinating that the Chinese strategic elite's assessments of power fluctuate wildly. After the Gulf – the original, the '90-'91 Gulf War we were 10 feet tall, but then in Somalia we were a waning power. And then in Bosnia we were suddenly 10 feet tall again in '98, and so the Chinese assessment of our power, at least in the public literature, seems to go way up and way down. Right now I think the assessment is on a fairly low ebb about our power.

But the Chinese often over-assess their own power. There was a poll done by the Chicago Council on Global Affairs on soft power, and one of the questions was, what country in Asia is best at representing their interests and has the most influence? And across the region, every – it wasn't every country in the region, it was about six countries, but in every one of those six countries, the U.S. was assessed as having the highest influence and actually having increased influence over the last 10 years. Interestingly, China was the only country where that

view was not held, and the Chinese public's view was that China had the most influence and had increased its influence – this is on soft power.

So sometimes our Chinese friends, while very strategic, can miss – don't assess accurately, in my view, at least in the public literature and in polling, their own power, our power, and in that sense, the Pacific Command has a very important shaping function to reassure but also remind how the distribution of power and influence in Asia really lies. Did you want to – yeah.

MR. JANNUZI: Just briefly, and maybe James too, but I want to point out something which I know the gentleman knows but which is sometimes not front and center in the minds of members of the general public, which is that for the Chinese leadership, when they wake up each morning, they're not thinking about, well, gee, how do we kick the Americans out of Asia?

They're thinking about, how do we deal with our energy security, how do we deal with an aging population, how do we deal with the environmental nightmare, how do we deal with the need to sustain high-level economic growth, how do we deal with our ethnic unrest in 40 percent of our landmass in Xinjiang and Tibet where all of our critical minerals are, where 50 percent of the world's hydroelectric power is, where the headwaters of the seven great rivers of Asia are. You know, if water is the next oil then Tibet is the next Saudi Arabia, and the Chinese have real problems in Tibet and in Xinjiang.

So I generally agree with Randy and with Michael that the Chinese are somewhat ambivalent about the U.S. presence; that they see advantages and complicating factors. But I just want to emphasize it's not their top priority sort of thinking, oh gee, how do we expand our influence at the expense of the Americans – they're focused on their domestic affairs.

And one of the things that I'm heartened by with respect to the Obama administration is that you've seen a very concerted effort to show up in the Asia-Pacific region early. Secretary Clinton made her first visit to Tokyo; Obama is going to head to the region.

You saw that Secretary Clinton not only went to Tokyo, but then she went to Jakarta and she formalized the U.S. decision to join the TAC – Treaty of Amity and Cooperation – to be a joiner; to be present; to establish a closer relationship with ASEAN. I think this is very clearly a kind of a balancing act with respect to Chinese influence in the region.

So I think the United States is in Asia; we're going to stay in Asia. I think the Chinese, for now, fully accept that reality. Whether they have long-term plans to try to supplant us or certainly to enhance their own prestige and influence in the region, I'm sure they do want to do the latter. I'm less sure about the former. They clearly want to enhance their own prestige, influence, power in the region.

But I don't think that's their top priority. Their top priority for now and for the near term is focusing on these domestic challenges, which are formidable, and they need us to address each and every one of those domestic issues. And they also need our market, and they need our technology, our expertise and our assistance. And if they can transfer and continue to have us

shoulder a lot of the burden for regional security and stability, I think they're happy to do that for now.

MR. KITFIELD: Can I just – just to back that up – I mean, we may not be the most indispensable partner for China, but I think we are their indispensable market. And that's what I find interesting because why everyone focuses on Taiwan, if you take Taiwan off the table, if those tensions don't exist, the chance of short-term conflict with China start to disappear because if you do look, they are very strategic; they look very long term, and their long term goal, through the 'teens, anyway, is to solidify this sort of economic miracle that they're riding.

And it seems to me, during those times, the way our economic relationship works, which is strategically very unbalanced right now – but how it develops may be the most strategic thing that happens between us and China.

Q: I am – (inaudible) – from Asahi Japanese TV. I ought to ask Frank on a DPRK issue. Recently, the State Department made clear that the U.S. were prepared to have – (inaudible) – talk with DPRK in the context of Six-Party Talks. Regarding these talks, some, including me, have concern that Six-Party Talks may be the opportunity only to admit or confirm the agreement between U.S. and DPRK. How do you think about this concern?

MR. JANNUZI: Well, you know, we spend a lot of time worrying about the shape of the table when we talk about North Korea and efforts to engage North Korea. I think history teaches that you need a combination of direct bilateral contact and multilateral talks.

Every member of the Six-Party Talks, except for the United States, has had a summit meeting with North Korea. Every member around that table has extensive direct channels of communication, although the Japan-DPRK channel has been moribund for a while – but there are some indications that that may start up again as well. And the North-South relationship ebbs and flows depending on the mood of the day.

So we need both – direct talks and multilateral talks. There can't be a solution without everyone's involvement. The North Korean nuclear program is a threat not just to U.S. interests but to the entire region. So it's appropriate that there be multilateral talks.

Now, North Korea says that the talks are dead – the Six-Party Talks are dead. I say, long live the hexagonal table talks. We may have to have a new name, but I can't imagine how we solve the problem without the involvement, first and foremost, of our treaty ally, the Republic of Korea, but more generally, with the involvement of Japan, China, Russia.

So I'm not trying to dodge your question, but I don't think it's an either/or – bilateral talks or multilateral. I think that you can and must do both. And I think at the end of the day, the North Koreans may see some advantage in a multilateral format. They don't trust us. They don't believe that our governments – from administration to administration, from Congress to Congress – are reliable interlocutors. One of the ways to enhance their confidence may be to have essentially international guarantors of any arrangement that can be worked out. And so I would hope that the North Koreans would see it as in their interest to see other partners involved.

From a congressional perspective, I can promise you, Congress doesn't want to pay for the inevitable billions that a successful nuclear deal with North Korea are going to cost. The American people don't want to pay all of that cost. We need to share that burden broadly. Even New Zealand recently has contributed financially to efforts to resolve the North Korean nuclear crisis. And as a representative of Congress, I would say, many hands make light work, so let's involve as many partners as we can. And maybe we'll get the six-plus-one – we'll get Mongolia in there. But I think there's a way to proceed on this that involves both bilateral discussions, which are important, and multilateral.

MR. GREEN: I remember working with the NSC staff when Mongolia announced it was going to send troops to Iraq. The prime minister said to the president, Mongolia has a history with Iraq; we have a history with reconstruction. (Chuckles.) Of course, several hundred years ago they sacked Baghdad and piled skulls. They have a history with Korea, too; maybe that would be useful.

Q: Young Ho Kim with Voice of America. Another question about North Korea. There have been a couple of cases where the U.N. sanctions against North Korea were successfully implemented, including Kang Nam, a North Korean ship, returning to North Korea after closely monitored by U.S. Navy; and North Korean weapons captured at U.A.E.

But I was wondering if these nonproliferation efforts, or monitoring suspicious shipments going in and out of North Korea is effectively implemented – especially when it comes to our partnership with China – given the fact that a lot of North Korea's outbound shipment goes through China. And I'm wondering if you have any thoughts on that. Thank you.

MR. JANNUZI: I'm going to ask the others to contribute as well on this question because Randy has a lot of operational experience that I don't have in this field. But I would say – I was in China with Sen. Kerry on the day that North Korea detonated their second nuclear device. And I've never seen the Chinese officials more upset.

And I think the cooperation we've seen out of China since then has been a whole order of magnitude better than anything we've seen prior to that second nuclear test. And the Chinese have even named individuals who are now unwelcome to travel to China. This is an unprecedented step for the Chinese to take.

And these officials in North Korea's nuclear establishment – it goes without saying – there are not a lot of direct air flights into Pyongyang. And if you can't fly to Beijing or Shenyang to get out of that place, and if you can't take a train to Beijing, and you're a North Korean official engaged in proliferation activities, you know, you're out of business. So I think the Chinese are taking this more seriously than ever. And I think the United States is taking it more seriously than ever before.

And I just want to comment that it was a great moment to be an American when President Obama ordered John McCain, under the command of Capt. Kim, to trace this North Korean vessel. Only in the United States – (chuckles) – would you have a president with the

likes of Obama, a ship named after a family of public servants and naval officers – the McCain – under the command of a Korean-American captain, chasing after a North Korean proliferation arms smuggler. So I took some enormous pleasure as an American at that moment.

And I think that you can count on the administration to very vigorously enforce the U.N resolutions that are in place against North Korea now. And hopefully that sends a message that the North Koreans will understand that that pressure's not going away until they change course.

MR. SCHRIVER: I might have a just slightly different view. It's not necessarily in contradiction, but I think there's a shorthand that we fall into sometimes when we talk about the United States and China and how we look at the Korean peninsula. And the shorthand is we have common interests and, you know, this is something we're working on hand-in-glove and so forth.

And I think it's a bit more complicated than that. I think we have common aversions; think we have a set of common challenges; but I think it's far from being a situation where we have common interests because the interests are, in fact, quite different.

And the reason that's consequential, when you get to the point where you decide what you're going to do about it, you often diverge in directions. And I think it's really incumbent upon the Obama administration and others involved in this to keep that frame of mind with respect to China because we're now into the second decade of this – you know, is China doing all they can to pressure North Korea; are they using all means necessary; North Korea is so reliant on China; no country has more influence in North Korea. But yet, here we are. China is still propping up the regime through their economic support and through other kinds of support.

And it's my view that China is perfectly willing to live with a nuclear-armed North Korea as long as some of their other primary objectives are secured. It's not necessarily the preference or the most optimal outcome, but when they look at tradeoffs and what they can live with and what they can't, I think they come down fundamentally in a different place than we do.

Does that mean we can work with them? I think we can still work with them. But we have to always be vigilant in our assessment of what China is after, and what we can expect from them.

I do think what the Admiral said about our goal and what others say about our goal – about compete, verifiable, certifiable denuclearization – is the proper goal of the United States, but I think we have to be sober-minded that talking North Korea out of their nuclear weapons is going to be damn hard, particularly under this regime.

And I think if we really do shift our priorities toward counterproliferation, nonproliferation to contingency preparation – first and foremost for our allies, but with China included – and then we start asking things of the Chinese and others, I think we can get somewhere.

It was my experience – Frank was kind enough to mention my operational experience – it was my experience if you came to the Chinese with very specific information on a very specific case and said, this is your problem; do something about it – they generally would. They generally would also like to know, how do you know that – (chuckles) – and get a little peak into our intelligence capabilities and how we'd gleaned the information that we had. But generally speaking, they don't want this stuff run through their territory; they don't want to be the outlier, as the pariah state that's allowing proliferation of nuclear materials and so forth.

So if you bring them a specific problem, a specific task, my experience has been they'll do something about it. But I just think we need to define the goals in a way that's realistic, and place expectations on the Chinese that are also realistic, given what their real set of interests are.

My sense is that the U.S. official dialogue with China and certainly the think-tank and chatteratti classes' dialogue with Chinese thinktankers and officials is dominated these days by the Chinese telling us we need to come back to the table, we need bilateral talks. It's all about the shape of the table and the diplomacy.

Frank's right – the PRC has never cooperated to this extent on implementing sanctions – specifically 1874 – the Security Council resolution that was passed after the last nuclear test. And they have done specific actions; they've cooperated. But as Randy points out, it's to the letter of the law, not the spirit of the resolution.

And I think it's going to be important for all of us, official and unofficial, to talk to the Chinese government to make it clear how central the two issues Randy mentioned – one, instability scenarios; and then the second is this proliferation problem – how central they are to the U.S. interests and to U.S.-China relations. And that we're not interested in spending 90 percent of our time talking about how to get a bilateral meeting going and how to shape the table.

My personal expectation is that the transfer issue – that proliferation is going to be a growth industry for North Korean challenges to us. In 2003, I was with Jim Kelly in Beijing. We had a dinner, and the North Koreans pulled us aside, and, on instructions from Pyongyang, said very clearly, we have a nuclear deterrent; if the U.S. doesn't end its hostile policy – which is, by the way, pretty much us being us; it's a long, long list of our alliances, sanctions, our nuclear umbrella, the list goes on – if we didn't end our hostile policy, they would demonstrate their deterrent, they would expand their deterrent and they would transfer their deterrent.

This was in 2003, and we now know that in around that time, they were already reprocessing and expanding their deterrent. They, a few years later, demonstrated their deterrent with a nuclear test. And we now know from the Syria case – and although I don't know the details, possibly the Burma case – that they've transferred some capability.

And I think that transfer piece is going to continue to vex us. First of all, they paid almost no consequence for what happened in Syria. So the dissuasion strategy we've displayed has been pretty ineffective so far. The Burma case is a little more effective – to the extent we know about it.

Second, they know that a red line is very hard for us to define. Rich Armitage, others, have said, transfer is a red line – but what does that mean? Is helping Syria develop a capability a red line? Well, if it is, we didn't do anything. Transferring fissile material? Well, maybe that is.

But I think they have an interest, and in fact, it's their M.O., to steer short of what they think our red line is, and test it. And they'll do that because they get from it horizontal escalation. They can demonstrate to us what they can do to us, which, from their perspective is deterrence. They'll do it because, as they have stated very clearly to Frank and me and others – and publicly – they're interested in arms control negotiations with the U.S. as a fellow nuclear weapon state on containing transfer and proliferation, comparable to what we did with India. So they want to get rewards for it.

So I think this is a real challenge. And from that perspective, we are just beginning to catch up to the problem. And China's way, way behind, and I think all of us need to make it clear to China how crucial their cooperation is, and that it's not adequate – even though, as Frank said, it's more than they've ever done.

I apologize for taking the last word. This has been, for all of us, I think, on the panel, an interesting discussion. I hope for you, too. I want to thank Gen. Hailston, Rolls Royce North America. This is a terrific opportunity, these forums. Thank you very much for sponsoring them. And thank you, everyone, for coming to CSIS today. (Applause.)

(END)