

## Thoughts from the Chairman

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NOW THAT WE UNDERSTAND EACH OTHER,  
TIME TO GET TO WORK

CHRISTOPHER K. JOHNSON

By most accounts, the June 7-8 “shirt-sleeves” summit between presidents Barack Obama and Xi Jinping went a long way toward achieving its stated purpose. It created an opportunity to dispel misperceptions by allowing each man to share with the other his take on the many challenges facing the bilateral relationship and the world. The exchanges reportedly also were frank and unscripted, to the degree that talks between two leaders operating from such different perspectives can be.

Still, the discussions did not seem to live up to much of the hype—like suggestions the meeting might produce a breakthrough on par with the encounter between President Nixon and Chairman Mao that restored bilateral ties—perhaps because such a result was neither possible nor entirely desirable. In fact, the meeting at Sunnylands appeared to leave both sides with much to digest, and not a lot of time to do so. Fairly or not, one yardstick for the success of Sunnylands will be whether the upcoming round of the Strategic and Economic Dialogue (S&ED) can prove the investment of so much presidential time to have been worthwhile. With only a few short weeks to go, officials in both Washington and Beijing will be struggling with whether the talks can be translated into concrete initiatives at the S&ED that advance bilateral ties.

Turning the talks into an actionable agenda will not be easy. The first task will be to honestly evaluate the outcomes (or lack thereof) in each of the major areas under discussion. This can perhaps best be facilitated by dividing the discussions into three broad categories for further analysis and fine-tuning in advance of the S&ED discussions.

**AREAS OF CONVERGENCE.** Nothing that could reasonably be called a major breakthrough occurred at Sunnylands, but there

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## NOW THAT WE UNDERSTAND EACH OTHER, TIME TO GET TO WORK *(continued)*

were several areas where the two presidents demonstrated a unity of purpose and/or thought that could produce truly meaningful results if pursued with vigor:

**North Korea:** It now seems unequivocally clear that President Xi has reordered the hierarchy of Beijing's priorities on the North Korean nuclear issue. While making the obligatory references to the desirability of returning to negotiations through the mechanism of the Six-Party Talks, the Chinese side's apparently distinct emphasis on denuclearization suggests that principle is taking at least rhetorical precedence over Beijing's longstanding obsession with stability. Xi's personal stamp is of critical importance here, as only China's top leader could direct a reorientation of such magnitude. The shift also is a natural outgrowth of what in recent months has been a greater willingness on China's part to inflict pain on its troublesome neighbor.

However, this does not mean that China's interests and priorities on the Korean Peninsula are now in fundamental alignment with those of the United States. It is still unclear whether Beijing truly is seeking the denuclearization of the Peninsula, or is instead simply trying to bring its unruly client back into line. Beijing seems as allergic as ever to engaging in serious dialogue with Washington on North Korean contingencies, and serious questions remain concerning China's commitment to thoroughly implementing the relevant United Nations Security Council sanctions against Pyongyang. Still, Beijing's more accommodating stance gives the United States a much clearer pathway for testing the outer limits of China's willingness to push the North, and that is no small achievement.

**Military-to-Military Ties:** Both presidents emphasized that stronger efforts need to be made to improve defense ties. Implicit in such calls is the recognition that the military component of the relationship has badly lagged behind its economic and political dimensions. Of course, on the Chinese side, President Hu Jintao also made similar declarations in his many meetings with President Obama. The difference is that Xi Jinping appears to have been more willing to enforce those commitments with the People's Liberation Army (PLA) back at home. This has created an opening to discuss areas—such as

## IN THE NEWS

“China's basically been saying: we're changing our modus operandi; we're going to behave like a great power; we have options.”

—Christopher Johnson in  
*The Wall Street Journal*  
“U.S.-China Summit Reveals  
Beijing's Drive”

“China does seem to be in certain instances changing the status quo in its favor,” said Bonnie Glaser.... “If it's doing so through economic pressure and coercion and the use of government paramilitary vessels, the U.S. just doesn't have a good toolbox to use and try to respond to it.”

—Bonnie Glaser in Bloomberg  
“China Spurns Arbitration as U.S.  
Joins Japan on Sea Stance”

“The plenum is going to be a watershed one way or another,” said Christopher K. Johnson, a China expert at the Center for Strategic and International Studies in Washington. “Either because of what it says about the direction of reform or about the degree of stagnation in the party.”

—Christopher Johnson in the *New York Times*  
“China's New President Sets Up a Potential  
Showdown, With Himself”

Christopher Johnson...said “the Chinese were quite dismissive” of US warnings on cyber theft at the Palm Springs summit.

“It's unclear whether they fully grasped the implicit US warning that failure to make quick, demonstrable progress in the new cyber talks risks prompting the employment of the tougher elements in the U.S. toolkit,” said Mr. Johnson.

—Christopher Johnson in *Financial Times*  
“U.S. eyes prosecution of foreign cyber thieves”

## NOW THAT WE UNDERSTAND EACH OTHER, TIME TO GET TO WORK *(continued)*

space and nuclear issues—previously deemed off limits by the PLA. If this trend progresses, the challenge may come in finding meaningful ways to advance the dialogue within the constraints of current U.S. law governing military-to-military exchanges.

**Climate Change:** Aside from its obvious benefit to the environment, the agreement to reduce hydrofluorocarbon emissions is a useful signal to the world community that the United States and China can work together on pressing issues of global importance. It stands in sharp contrast to the fireworks between the two sides in Copenhagen just a few years ago. The agreement also underscores the value of seeking progress in areas where domestic drivers can incentivize cooperation. In this case, the Chinese leadership's desire to demonstrate to a skeptical public that it is "doing something" on the environment undoubtedly helped facilitate the deal.

**AREAS FOR EXPLORATION.** The economic discussions at Sunnylands appeared inconclusive at best. Although lacking the sense of discord that seemed manifest on some of the security issues, little room for progress was achieved. As expected, the Chinese expressed concerns about perceived undue scrutiny of Chinese investment in the United States, and the U.S. side, at least publicly, offered little to reassure. China's trial balloon ahead of the meeting concerning its interest in learning more about the Trans-Pacific Partnership also seemed to fall flat. Two explanations for the lack of movement come to mind. The United States pushed cyber as the dominant theme for the economic conversations, which China rejected. With the debate in China over a substantial economic reform package also fully joined, a clear consensus is unlikely to emerge prior to the Third Plenum this fall, making caution the watchword. Whatever the ultimate cause of the failure to connect, this basket of issues seems destined to await another day.

**AREAS OF DISSONANCE.** The two sides clearly talked passed each other on two key areas that, if not managed more successfully, pose serious risks to the leaders' stated goal of avoiding confrontation:

**Cyber:** The Chinese seemed unwilling to accept the U.S. effort to confine the cyber discussion to the narrow lane of the rampant theft of U.S. intellectual property and its implications for the United

## PUBLICATIONS

**READ** Christopher Johnson's answers to critical questions on the recent Obama-Xi summit.

**READ** Bonnie Glaser's take on "China's Missed Opportunity at the Shangri-La Dialogue."

**READ** Bonnie Glaser and Alison Szalwinski's analysis in *China Brief*: "Second Thomas Shoal Likely the Next Flashpoint in the South China Sea."

## MULTIMEDIA



**WATCH** Christopher Johnson and James Fallows of the Atlantic discuss the Obama-Xi Summit on the June 7th edition of MSNBC's Andrea Mitchell Reports.

## NOW THAT WE UNDERSTAND EACH OTHER, TIME TO GET TO WORK *(continued)*

States' long-term economic competitiveness. The Chinese side avoided dwelling on the meme of Chinese victimhood but made clear that Beijing does not want the issue to become a central theme in the bilateral relationship. It also is unclear whether the Chinese fully grasped the implicit U.S. message that the newly-agreed bilateral working discussions on cybersecurity have little time to produce demonstrable results. The controversy arising from the claims of former U.S. intelligence contractor Edward Snowden will only serve to further muddy the waters.

**Maritime Security:** State Councilor Yang Jiechi's press remarks suggest the Chinese mounted a firm, if measured, defense of their current unyielding stance on the maritime disputes with China's neighbors. The United States would be sure to remind China that its actions only serve to heighten calls for an enhanced U.S. security presence in the region, which in turn fuels Chinese certainty that the U.S. strategic rebalance is aimed at stifling China's rise. Breaking the vicious cycle on this issue will require much more creativity and flexibility if a workable long-term *modus vivendi* is to be achieved.

Against this backdrop, the clear message that emerges is that the relationship will need more than personal rapport building and high-sounding catchphrases to make meaningful progress. For it to work, the United States must be willing to more directly signal its acknowledgment of China's achievement of great power status and, with that, an ability to help shape new global rules and norms. For its part, China will have to demonstrate that it is prepared to engage in a meaningful dialogue about its ambitions—both in the region and globally—and that it is committed to pursuing a truly cooperative relationship with Washington as a means for achieving them. ■

## EVENT PLAYBACK



**WATCH** Christopher Johnson, J. Stapleton Roy, Douglas Paal, and Richard MacGregor in a conversation on June 14: “Reflections on the Obama-Xi Summit: What Happened, and What’s Next?”



**WATCH** Christopher Johnson moderate a discussion with Rep. Charles Boustany (R-LA) and Rep. Richard Larsen (D-WA), co-chairs of the U.S.-China Working Group, providing “A Congressional Perspective on U.S.-China Relations.”



**WATCH** the second event in the Freeman Chair’s China Reality Check speaker series, “Subsidies to China’s Industry: Why They Matter and What We Should Do.” Dr. Usha C. V. Haley and Dr. George T. Haley, authors of “Subsidies to Chinese Industry: State Capitalism, Business Strategy and Trade Policy,” present their findings regarding the impact of Chinese subsidies on industry worldwide.



**WATCH** the third annual CSIS South China Sea Conference, “Managing Tensions in the South China Sea.” Bonnie Glaser joined an all-star lineup of senior government officials and regional experts representing the U.S., China, India, Japan, the Philippines, Taiwan, and Vietnam at CSIS on June 5-6.

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