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**THE EMERGING CHINA-RUSSIA  
AXIS: THE RETURN OF  
GEOPOLITICS?**

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[Transcript prepared from an audio recording]

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## PROCEEDINGS

DR. BUSH: Thank you for coming to our program on Emerging China-Russia Axis: The return of Geopolitics, question mark. This is the third in a series of programs on Japanese and American views on key areas of the world outside of East Asia. Obviously, the United States and Japan have to be well aligned on issues and situations within that region, but the out-of-area places matter too. I'd like to welcome those people who are participating by webcast, as well as the people who are here. I'd particularly like to thank the panelists, two of whom have come all the way from Japan, and I just made the long trip across the Pacific, so I feel their pain.

One of our Japanese panelists is Akihiro Iwashita, who is a professor in the Slavic-Eurasian Research Center at Hokkaido University, and at the Center for Asia-Pacific Future Studies at Kyushu University. Aki-san was also a visiting fellow here in my program in 2007-2008. Aki, it's really nice to see you. Our other Japanese panelist is Professor Chisako Masuo, who is Associate Professor at the Graduate School of Social and Cultural Studies at Kyushu University. She received her Ph.D from Todai in 2008.

Coming all the way from the fifth floor of this building is Tom Wright, who is a Fellow and Director of the Project on International Order and Strategy. He is also a Fellow in the Center on the United States and Europe. Coming from across town is David Gordon, who is a Senior Advisor at Eurasia Group, and he was formerly the firm's chairman. He's based in Washington, D.C., and before joining Eurasia Group, Dave spent more than a decade in the State Department, the National Intelligence Council, and CIA. Before that, he and I were staff members on the House Foreign Affairs Committee. This was at a time when politics in the Congress and work in the Congress was actually fun, and before our political system went badly awry. Our departure didn't cause this, but I'm sure it's as sad for Dave to watch it as it is for me.

Now, the important part of the title, the most important part of the title of this program is the punctuation mark at the end, the question mark. We do not want to prejudge the question about a return to geopolitics, but have a serious discussion of what's going on. Of course, Russia and China have reasons to cooperate based on shared interests. Some of these may be disturbing to the United States or Japan, such as Russia's arms sales to China, but that cooperation doesn't necessarily rise to the level of an axis, quote/unquote.

The second most part of the title is the word, "geopolitics," which incorporates the idea that in international relations, physical geography actually matters, and it matters in the alignments of actors in the international system. In 1949, Mao Zedong, the Chairman of the Chinese Communist Party declared that China would lean to one side. That is, it would ally with the Soviet Union. And the fact that China and the USSR shared a long and common border is not the only reason that the Sino-Soviet alliance became a security problem for the West, but it was one important reason. In the late 1960s as Sino-Soviet relations deteriorated, that same fact of a common border became a boon to the West and Japan, and made more complicated Sino-Soviet relations. Again, it wasn't the only reason, but it was a reason.

So the question today is whether the economic and foreign policy convergence of China and now Russia, the two countries that dominate the East Asia, the Eurasian landmass pose

particular problems for policymakers here in Washington, and Tokyo, and other capitals in East Asia. Part of this question is how deep and enduring this alignment is going to be, but that is a question for our panelists. And so the first person to speak will be my colleague and friend, Tom Wright. Each speaker will come to the podium, and then we will all sort of migrate to the chairs. So Tom, would you like to start off?

DR. WRIGHT: Thank you, Richard, for that kind introduction, and thank you all for coming here early this morning to Brookings. There's nothing like a discussion, I think, on China-Russia to get everyone to channel their inner Henry Kissinger to think about geopolitics, and it's a great pleasure to be here with Richard, with my good friend, David Gordon, and with our Japanese colleagues, as well. Welcome to Washington and I very much look forward to our discussion.

There's a story that Hank Paulson tells in his memoirs, and many of you may be familiar with, in the fall of 2008 when the international financial system is collapsing, and he goes over to China. He's at a dinner. And his Chinese counterpart tells him that the Russians have approached China with a rather interesting proposal, which is to collaborate together to try to worsen the economic collapse in America by dumping Fannie Mae and Freddie Mac in large volumes to really put pressure on the U.S. financial system, and that this is the way once and for all China and Russia can sort of deal a blow to the American hegemon. And, of course, the Chinese response is to immediately reject it out of hand, and inform the U.S. Treasury Secretary, and to declare sort of solidarity with the U.S. in trying to save the global economy.

It's a story the Russians vehemently deny as ever having happened, but Paulson is adamant that it did, and I think it sort of gives us a baseline in terms of 2008 that, you know, that is certainly, geopolitics was not present on that day, and, certainly, China and the United States had sort of a common sort of outlook on the international financial system. And even, you know, months later when President Obama took office, there was a reset with Russia; there was something of an easing of tension.

So if there is a return to geopolitics, it is quite recent. You know, it's not something that's been there for a decade or more. There are always, you know, there are always issues between major powers may never fundamentally see eye-to-eye, and so I think our standard has to be does it pass that threshold of normal sort of economic competition, and normal disagreements between states, and actually get to something more fundamental that, you know, other countries may want each other to be fundamentally weakened or for the balance of power to fundamentally shift.

And so that, I think, is what we need to ask, and my answer is actually, that I think we are seeing that. And what I want to try to do in sort of ten minutes or so is just to take a little bit of a step back at the beginning, and just say why I think we are, we came to this point. What Chinese and Russian strategy actually is, and why it is geopolitically competitive with the U.S. and then just maybe how to think about the relationship.

There are, I think, significant differences between China and Russia, and I know David will get into some of those, but I want to sort of take a look at some of the areas of commonality to start out. I think that the fundamental sort of driving philosophy behind U.S. strategy in the '90s and the 2000s was the sense that we were all on the same road. Like we're all going toward the

same type of international order, and that the United States, China, Russia, and others had a shared interest in the global economy, and that they had a shared interest in the institutions and the infrastructure of international cooperation, and crucially that the challenges they faced in common were much more important than what divided them. I mean, you see this continuously beginning with Clinton and his later sort of years of his presidency, but especially George W. Bush, who says, you know, that the era of great power politics is over, and we now face a single great common threat of terrorism and this is something that all the countries of the world have to come in to fighting together.

Obama takes that -- also, talks about talks about terrorism, but climate and other transnational challenges. And the philosophy, essentially, is that we're all in this thing together. These small differences that may have occurred in the past are very minor, very peripheral and everyone should see this sort of common danger in much the same way that European countries cooperated against revolution in the early 19th Century, sort of a new sort of concert of power. Which is not to say they always agreed, but it is to say that there was a large measure of acquiescence in sort of U.S. leadership, you know, when -- even when the U.S. invaded Iraq in 2003, Russia didn't respond by sending troops to Iraq. You know, didn't respond by arming Saddam Hussein. It responded by registering its objections at the UN Security Council. If you look at what's happening today in Syria, I mean, there's a very dramatic difference in the type of response.

I think what that sort of view got wrong was that it believed that this international order wasn't particularly threatening to Russia or to China. And I think, actually, if we're completely frank, it is actually somewhat threatening to both of them, but not in the way that's regularly sort of thought of. It's not because NATO troops are close to Russia. You know, I mean, that's a bit of red herring. And the fact of the matter is that European forces have diminished significantly over the last 20 years, and Russia faces a lot let of a treat than it used to. I mean, there's no, you know, objective reality in which the threats, the conventional threat to Russia has increased over the last ten, 15 years. And it's not even, really, the sort of U.S. presence in the Asia Pacific.

I think it's two things in particular. The first is that the U.S. view was that these countries over time would become democratic. And, you know, that was expressed through diplomatic means, but more importantly through a sort of robust regional order. The European Union strengthened, expanded, brought in other countries, and it culminated, obviously, in the partnership agreement with Ukraine which is creating potentially a healthy democracy right on Russia's border which had, you know, the precedent of maybe a counter-revolution for Russia sometime down the road. I think Putin understood that that sort of strong, sort of western, regional institution was a threat to his regime not because anyone was trying to topple his regime, but simply because it created what he regarded as sort of a hostile environment. China's situation is a little bit different, but I think there was a lot of, and still is, some concern and even alarm at certain, you know, at sort of, you know, democracy and at some of the long-term sort of trends. And so the first one, I think, was that the world was not necessarily safe for authoritarians.

And the second was that these countries wanted as they got more, as they recovered, as they became more powerful, they wanted what they almost have always had which is the spheres of influence order. They wanted some greater say in their region. And they weren't able to do very

much about it because the power balance is so out of whack in the 90s and 2000s, but now they had the option. And as sort of the environment changed with the financial crisis and other things, and as they became more authoritarian themselves, I think that became a more attractive, more attractive option.

And so before I get into sort of just the Russian-Chinese strategies for how to do this, I do want to say why this matters, because I think, you know, we think of the international order often as a pyramid or something where, you know, the global is this incredibly important things, right, and then there were these regional issues. And what's really important is what the Chinese view of the IMF is or the World Bank, or whether or not Russia wants a replacement for the U.N.

But I think that, actually, the international order really rests on healthy regional orders. I mean, it's much more important that Europe is at peace than it is that there's agreement at the IMF. Right? It's much more important that there's no sort of conflict in Asia than it is that China is a sort of, you know, has a greater say at the IMF, or, you know, that there's new members have made it to the Security Council. I mean, the basis of healthy global order are these regional orders. Which stands to reason because, you know, territorial integrity, the lack of conflict, I mean, these are the basic building blocks of a peaceful sort of international order. And the region is also what countries get most dissatisfied with most quickly. Right? They don't sort of start out by wanting to replace a global institution. They start out by worrying about some dispute they have with a neighbor.

So to me when we see this sort of emerging, sort of spheres of influence, you know, agenda, it is pretty significant because it has long-term implications for pretty much everything else. I do think it's important to note that the Russian and Chinese ways of going about this are pretty, are pretty different, and we make a big mistake, I think, if we say, you know, Russian and China are both revisionists or both dissatisfied and sort of lump them together, and, it, actually, also sort of creates a bit of strawman for people to say, well, actually, they're quite different than to explain that, and then to say, you know, you're completely overreacting about the geopolitical side. So I think, you know, Russia is a power that is in a long-term decline. It is a power that is a, you know, is a, doesn't have very much going for it outside of sort of military side. It doesn't build a lot of things. It doesn't make a lot of things. But, actually, when it looks out at its environment, you know, it sees Europe, the European Union as a soft power superpower that poses a threat, but it sees it as a hard power weakling. It believes that it has a hard power sort of asymmetrical advantage because, you know, it is increasing its military capability.

And if you think about military power not as overall percentage of GDP, but what power you can actually deploy realistically in a crisis, then the balance of power looks quite different, you know, in Europe. It looks a little bit more favorable to Russia. And when you combine that with the will, or with the determination to take great risks, then it evens up sort of even further.

And so they, I think, see two sort of fundamental objectives. One is to weaken the European Union, and weaken the European security order with a view to fundamentally remaking it at some point; to try to sort of change this sort of NATO-U.S. dominated, Western European dominated European security order for something else. And Medvedev and Putin, and all others have talked about that at some length. And the second, the second thing is to use hard power

on sort of an opportunity basis to try to remake their--near or abroad--make themselves sort of relevant.

And China, I think is almost the opposite. China is a rising power with a lot going for it. It has a lot of economic power. It has a lot of means at its disposal other than the military. But I think the point that isn't sort of fully understood about Chinese strategy is its objective, because we often hear, well, you know, they want to kick the United States out of Asia, or they want to take over Asia. That, I think, is not accurate. But what I think is accurate is that they want power parity with the United States in Asia. They want to share East Asia with the United States, and they want a large measure of control over the western part of the Western Pacific, sort of a sphere of influence within the first-island chain, control of the South China Sea, and it wants to accomplish this in sort of a unique way because Chinese strategy, as I see it, actually, is predicated on there not being a conflict. I mean, Chinese strategy only works if there's an absence of war. Right? If you think about these islands they're building in the South China Sea, in any sort of conflict, all those islands go away very quickly. Right? Because they're liabilities. They're strategic liabilities. But if there no conflict, they create a new sort of environment in which they do have power projecting capability.

And so their strategy is to gradually beneath the threshold of conflict take incremental steps that gradually remake the regional order into their, to their advantage. And they need to, they need to sort of insure that there is no sort of conflict, there is no war. So it's actually quite stable, I think, in the terms we normally think about it as peace, but the question is does it sort of become unrecognizable over time or it puts, it's puts immense pressure on sort of that U.S. system, and we can see alliances because Chinese influence is rising. And that raises a whole series of questions of how to respond which I won't sort of get into at the moment. But I will just say that the Russian and Chinese visions, I think, are sort of regionally based, and they are trying to increase their influence.

They're very different. One is quite aggressive, one is not aggressive in the traditional sense, but both, I think, are revisionists in terms of their long-term objectives. And I think they have one other shared sort of objective, which is that they worry about the U.S.-led global system being able to put sort of pressure on them. They don't like the idea that, you know, Washington and Berlin and Brussels can decide to kick Russia out of the international financial system if they disagree with the invasion and annexation of Crimea. They don't like the Swift payment system whereby, you know, that there's a western, you know, the West can decide and just arbitrarily to kick them out, or not let them participate. And so I think they have an interest in trying to protect themselves against that, and trying to delegitimize to some degree that sort of power, particularly that sort of financial powers of deterrent to try to create some sort of a safety net where they believe it's sort of safer for them to operate.

And so that's how I see this cooperation. It's not that, it's not that it's sort of a German-Soviet pact or something where, you know, there's going to be mutual endorsement of each other's geopolitical aims. It's more that they have a shared interest in hedging against this U.S.-led global order because they want to be able to achieve their regional objectives.

I think that we ought to be careful about trying to split them apart too quickly because, and I'll finish on this point, because when you go to Europe and you talk about European security, you

often hear European countries say, you know, we have so much on our plate with Russia, we just, we need to work more with China to get some economic growth, and, you know, what's going on over these uninhabited rocks aren't that important, and we, you know, we have to work sort of together with the Chinese. And then when you go to Japan, occasionally you hear, you know, we have our hands full with China and what's going on the Donbass and Crimea like we can't let that sort of interfere in the great power game in East Asia.

But the truth is that, especially from here in Washington, is that both these things are incredibly important, right, and you can't sacrifice one for the other, and that what you have to do is, is to respect the fact that there always will be differences with European countries and China, and there also be differences with Japan and Russia for very particular reasons, and there will be scope for a little bit more cooperation between each of them and China and/or Russia. But we need to keep in mind that this is part of a overall challenge. It's part of an overall challenge about how to preserve sort of a rules-based liberal international order against an alternative which is sort of a more spheres of influence based order that wouldn't work to anyone's advantage. And there are certain commonalities there, the rule of law being one, and territorial integrity, respect for borders, and there ought to be more solidarity between the regions on these key matters.

And so I would just urge everyone to keep that in mind as we talk about sort of ways to, you know, to have sort of more cooperation between Europe and China, Japan and Russia, or, you know, the risk of having Russia and China push closer together. That we do need to sort of adhere to these basic principles of what makes deliberate international order actually sort of worth, you know, having, and a respect for law, I think, is a key part of that. So I will leave it there and look forward to the discussion. Thank you.

(Applause.)

DR. IWASHITA: So good morning, ladies and gentlemen. I am very happy back at Brookings. Seven years ago when I worked here on geopolitics, borderlines studies between China and Russia that few people pay attention on Sino-Russian relations. Why today so hundred peoples came. I was amazed this year. That's the first things. Second things. I was in 2007, early 2008 visiting fellow. When I listened to the speech made by Daniel Fried, then the Assistant Secretary of State, at Georgetown University, he did not mention the name of China, but he suggested we had the revisionists to countering the Asian Pacific. He said that. And he said Russia, not revisionist country, so the potential partner with the Japan and United States in the Asia-Pacific. So what's changed now is probably most of the people fascinated with that Russians as the revisionists wonks. So therefore today I am truly invited to say something to the new ideas.

So my presentation causes four parts. First, geopolitical shift in the quadrangle, U.S. with Japan, China, Russia. Second, how China-Russian relations have changed. Third is very important: is China-Russia alliance emerging? I today pretend to be provocative. I think that China-Russian relations are reaching the initial stage for making that kind of alliance. Finally, how U.S.-Japan reacts.

So, guys, the Washingtonian, pay attention to central Washington, so my experience is experts on Russian think that Russia as extension of Europe through Atlantic. And experts on China



look through the Pacific next to Japan. So as far as I know, these Pacific makes Japan. So as far as I know, these schools are separated and, rarely overlapped. Of course, some good researchers are, but not so many seven years ago. But for Japan's geopolitical scene, the U.S.-Japan Pacific ally, but we never with China and Russian. Therefore, we easily think Russia-China relations much more than in Washington through the Eurasian conflict and the cooperation. So if you look at the continental Eurasian next to Japan, so the decades, a couple of decades ago, main conflictual zone in the middle tier, the inland border conflict. But recently, we recognize sea area, maritime areas are very critical. So we should think, reconsider the 19th century's type geopolitical. For example, maritime power, inland power, continental power versus sea power. I think it's old-fashioned. Now, the current situation continental power is sea power rivalry and cooperation. This is a true nowadays, I think.

Then Russia look at the Arctic. China, as you know, the thinner purple area is disputable, and it's talking about five, six years ago (inaudible), China's expression. And India's, also, interesting position. So my thesis is that the current situation, inland conflictual zone shifted up to northern tiers, and down to southern tiers. Particularly southern tier is critical now. Then we back to this map. Where is Japan? Japan is in front of conflictual zone. We share overlap some disputed sea zone with Russia and China. So in this sense, Japan is now crisis for new geopolitical shift. Then there conclude the first parts. The asymmetry points, U.S., Atlantic center perception on Russian and China. Japan pacific perception, the Japan, and Russia-China, and particularly shared with (inaudible) Japan is China with neighbors. China-Russia sharing 4,000 kilometer inland borders and 7,000 in Soviet era, but transformation relatively peaceful on inland boarderlands, relatively confliction on the maritime borders. Then Japan as a regional pivot for Sino-Russian relations. So if you think of the geopolitical situation, Russia and China, they had so huge borders, border lines, that they are surrounded by many countries, so it's a kind of border paranoia. We should think of this phenomenon.

Then in Eurasian continental, China and Russia so big, so it's not only a bilateral impact on the border confliction if happen, and the surrounding countries also influenced by Russia and China. So China-Russia is back to the history, so it's critical even in the Qing Dynasty, Russian Empire, Manchukuo, Soviet Union, PRC-Soviet, and even post-Cold War. It's a centuries confliction.

So I was border traveler in China-Russian since early 1990s, after mid of 2000, almost 20-25 watchers of these borderlines. So, of course, it's, you know, well, it's Damanskii Island, the Zhenbao dao in China. Now this was a kind of symbol for Soviet PRC issues, border disputes. The paying attention early 90s, what happened? This is a mess. Collapse of Soviet Union and also the China's advancement on reform and openness, so there's many xenophobia in Russia far as China migration. Then they remember the bad image on Damanskii and the conflicts in 1969. So probably you forgot. In the mid of '90s some rumors that Russia-China war would happen. People (inaudible), particularly Siberian and Far East. But after the end of '90s, migration issues now, of course, workable, but calmed down and controlled. Then (inaudible) this cause of China threat. Even now, China threat perception is, but completely down in comparison with two decades ago. And so solution (inaudible). So thanks to Shanghai Process it's a border disturbance for a lot, and mutual concession on disputed borderline. 50-50 formula.

Then 2000s, Good Neighbor Friendship Cooperation Treaty. No more cranes and some couple of institutional arrangement between the two. Then particularly I pay much attention, the surprise of October, 2004 Heixiazhi, Bolshoi Ussuriiski, the 50-50 solution because owing to this Heixiazhi island, Russian and China went to the war at the end of the 1960s. So the maps 6, the junk point (inaudible). This is Heixiazhi dao, Bolshoi Ussuriiski in Russia to 300 kilometer squares. Finally, they built, cut half and a half almost. Then it's kind of a symbol of cooperation China and Russia. So this kind of symbol on the island now, it's interesting landscape. Over there in the middle is orthodox church the Russian kept. In the left side, it's China the border was towers. What is the -- this is a park. China build a park, why is that? China love to watch the borderlands and sightsees. This a kind of a peaceful relations. Of course, it's a church but it's lying the half and half cut, over here towers on China soil over the Russian's soils. This is open for tourists, and they, built the facilities. So five minutes remain, I conclude second points.

So we think of the new geopolitics, China-Russia they call themselves now, the comprehensive strategic partners, I don't know what it is, but comprehensiveness have some nuances. First, number one, free from past geopolitical border bombardance. Second, psychological personally improvement. It's a very amazing. If you caught a couple of mass analysis, mass opinion in 2009, 60 percent Russians thought China as a strategic partner. But 2014, 85 percent Russians thought China as a strategic partner. Rivalry, 24 percent Russians thought China as a rival 2009; 2014 just 8 percent they thought. So enemy concept just one percent of Russian, they're mass perception; it's an amazing change in the five years. So we do not underestimate this. And this also different stages. Early '90s, early 2000s, China-Russia shared the concept no interference from outsides. But now they share some a kind of common values, non-democracy regime. And they are few competitive interest to key areas. Russian and United States on Syria and Iran, China on East and South China Seas. It's not overact. It's naturally to supplementary relations.

So regime sharing it's very latest problem. Distinctive democracy China and Russia. Putin loves sovereignty democracy. China loves (inaudible) something. But we have institutional democracy. It's a completely difference. I can't explain what they gonna be complimentary or interdependent, mutual cooperation, mutual, but I should keep this question later. I should wrap up. Three minutes presentation. Then, finally how should United States, Japan respond to the new geopolitics? First, do not overestimate on the contradiction between China and Russia. So we have been thinking China and Russia are constrained by geopolitical limitation. But recent development we are thinking whether we accept the realities of a kind of associate alliance.

I repeat it. Now, Russia-China relations are approaching the initial stage of kind of alliance, I'm afraid. So how we get it. So let Japan free from the geopolitical border burdens, it means that now thanks to others Abe administration's the security arrangement, Japan-U.S alliance developed. So if Japan managed the geopolitical border with neighbors namely solving internal issues, an alliance could be more developed.

Finally, it allows for Washington -- most of you think Russia is the extension of Europe, but Pacific Russia as a relatively calm and manageable, not so assertive. In comparison with Europe and Russia. So we think that the difference Russia in the Pacific than in European Russia. I think it is time to thank about. Finally, we should also cooperative moment establish

the maritime regime cooperation institution between the four states probably including India or Southeast Asias. Finally, I wrap up the geopolitical map. So this map, so-called Hokkaido Center map, the Hokkaido University. What you think about it? It's a, as you can see, is bigger than Japan city. It's interesting. And if you are Chinese, what do you think about it? Oh, Japan blockade us. We should overcome Japan. But if you are Russian, if you are Japanese, what do you think about it? Okay, we towards the monies. Maritime zone. Russia and Japan. So such kind of geopolitical thinking is very important now, and, also, I appreciate the Kyushu University. In the south is a Kyushu University center of the map. Then we have a different round of scale on the southeast China Seas is a different, the landscapes, but it's to Professor Masuo's task. So thank you for patience.

(Applause.)

DR. GORDON: Thank you very much, Richard, for both organizing this panel, and for inviting me to participate. I particularly welcome our Japanese colleagues. I loved that presentation. That was really terrific. For those of you who haven't done so, I highly recommend Tom Wright's op-ed yesterday in the Financial Times in which he exams the geopolitical implications should Donald J. Trump become the president of the United States. It's really a must read.

So I very much view the Russia-China relationship through a geopolitical lens, but at the same time, I think it also reflects the increasing melding of geopolitics, and the energy markets, and the politics of international energy relationships. So I'm going to try -- just like Professor Iwashita took the view of really a geographic examination, I'm going to sort of look at this relationship through linking energy with geopolitics. And I'm going to go down from Tom's excellent 35,000 feet to sort of 15,000 feet.

While the move to closer Russia-China relations really began with Xi Jinping's rise to power in China, I think the key driver has been the coincidence of the Russian annexation of Crimea, and the imposition of western sanctions following that, and shortly thereafter the dramatic shift in energy market dynamics following the Saudi and OPEC decision in November of 2014 not to boost prices by limiting output. So I think that, that really the coincidence of the Ukraine crisis, and sanctions, and the dramatic fall in energy prices in 2014 really is the, is the concept, is the main driving force here.

Now, most observers at the time believed that Russia would be one of the biggest losers from this combination of western sanctions and low energy prices. As an economy highly dependent on energy exports in need of reasonably high prices to insure profitability and sufficient foreign exchange, earnings, and budgetary resources, the Russian economy should be very vulnerable to this. There's little question that Russia along with North America's unconventional energy sector were seen by the Saudis and OPEC core countries in the Gulf as key competitors that they sought to cut down to size with these, with the moves in late 2014.

At the same time, the crisis over Ukraine was the first test case of the western view of the new geopolitics of energy. The view that was based on the supposed leverage that could come from sanctions, including those on investment and tech transfer in the energy sector, which was part of the argument of keeping a military response to Russia in Ukraine off the table. That these

nonmilitary coercive means, financial coercive means would be sufficient to achieve western goals.

So at the tactical level, Russia responded to these challenges in three ways, each of which has been reasonably successful. At the economic and financial level in late 2014, early 2015, Russia allowed the ruble to sharply depreciate which enabled Russia to husband its foreign exchange reserves, and created fiscal space as dollar dominated energy exports created more rubles for the Russian budget and provided incentives for import substituting local production. On energy, the currency depreciation helped Russian firms to double down on sustaining and increasing output, and in the aftermath of this tremendous drop in energy prices, Russian oil exports are actually greater today than they were at the end of 2014, allowing Russia to compete particularly with Saudi Arabia, and sustain and even enhance its position in the Chinese market. And thirdly, of course, at the geopolitical level, Russia defied the U.S. and Europe on Ukraine with the extensive use of unconventional special forces that prevented the government in Kiev from sustaining control in the southeast, and reversed financial market sentiment that had initially assumed that the west's geopolitical commitment to Ukraine would triumph and facilitated financial flows to Kiev.

Today, Ukraine is a basket case. The Euromaidan revolutionary's dream of Ukraine becoming a second Poland have receded, and Putin has dodged the bullet of being the leader who lost Ukraine to the west while at the same time embarrassing western leaders, especially President Obama, for whom brining Ukraine into the western orbit has become a geopolitical bridge too far. But beyond these tactical moves, at the core of Putin's strategy to respond to this dual challenge was to deepen Russian-Chinese geopolitical and energy ties both in order to strengthen the Russian economy, to develop the Russian Far East, and to enable Russia to be positioned to capture energy markets in Asia. And Putin in a series of addresses made clear that he sought a strategic partnership with Russia -- excuse me -- with China rooted in and extended beyond energy.

Now, burgeoning energy pacts coincided then with an apparent Sino-Russian strategic embrace across a whole spectrum of bilateral relations. Since 2013, senior leaders from both sides have met frequently vowing always to boost their ties. Putin stated in 2014 that, "Our position on the main global and regional issues are similar or even identical." China and Russia in 2014 alone signed roughly 100 high-level agreements. Both sides have cast themselves as jointly engaged in what the Chinese call the democratization of international relations, which in Chinese parlance refers to opposition to American unipolarity.

They've sought to normalize the concept of cyber sovereignty which is really national sovereignty over the cyber space. In the military sphere, Russia and China have held joint exercises in the Mediterranean, in the Sea of Japan, and in the South China Sea in 2015. Russia has reportedly agreed to sell China S-400 surface-to-air missile systems which would significantly boost China's counter-intervention capabilities aimed at blunting U.S. power in the western Pacific. They've sold China Sukhoi 35 multi-role fighters which Beijing had been seeking since 2006, enabling China to project power further into the South China Sea.

So taken separately, either the growing energy cooperation, or the closer political ties don't necessarily portend larger geopolitical consequences, but combination of the two have begun to

partially reshape the relations between the two powers. By early last year, many western analysts were expressing increasing anxiety about the challenge from a Russia-China alliance either soft or hard. And such an alliance provides in principal benefits for both sides, particularly as each sees themselves in a competitive and at least partially conflictual relationship with the U.S.

In the triangular relationship with Washington supporting Russia helps China because it shifts U.S. strategic attention to the more flagrant behavior of Russia, and it tempts U.S. policymakers to offer side payments to induce China to help restrain Russian behavior. So I think all of this is real, and I think Tom's point about the challenge from the Russia-China relationship is real. But I do think it's important to look at this relationship in nuanced terms, and I think in a relationship that was substantially driven by energy, energy issues continue to influence the direction of the relationship, and actually in the last year or so have taken it into a less collaborative place.

Even if the top level leaderships in both countries are maintaining a rhetorical agreement on goals, cooperation in the energy sphere has already begun to founder. A year after the big gas deals, the Russia-China Energy Axis has lost a good deal of its momentum. Russia expected very large-scale Chinese investments into its natural resources sector to enable it to develop particularly its Far Eastern -- I'm sorry -- yeah, Far Eastern and North Eastern regions. I think that Russia expected that China would be very supportive of efforts to further build out the pipeline infrastructure linking Russia and Asia. In the new market conditions of low energy prices, and slowing Chinese growth, neither of these has the same kind of appeal that they did in late 2014. The Chinese haven't responded to Russian expectations to finance the new Altai Pipeline powered Siberia 2. They have not made big investments as the Russian expected in the Vankor oil field.

Generally, China continues to demand a lot from Russia, low prices, control of timetables from these deals, and the Russians, frankly, have been unwilling to continue to give in as they did in 2014 in the mega gas deals that were signed. Russia, I believe, is increasingly weary of becoming a resource appendage to China, and the longstanding fears, the longstanding fears of Russia about the rise of China are again coming to the fore. So presidential amity aside, I think that relations between the Russian companies and governmental ministries, and the Chinese companies and governmental ministries are not very good. I was in Beijing in December. Met with a lot of Chinese officials and firms about this, and that was a pretty common view.

Rather than a quick pivot to Asia and to China, I think Russia is coming to terms with its limited energy choices, and the growth of very stiff competition, and with them continued dependence on European markets. I think what Russia saw in the shift to Asia in the relationship to China was a strategic alternative to the mutual dependence particularly in the gas sphere between Russia and Europe. The shift to China was not just about geopolitical relations with the United States. It was also heavily about Russia's relationship with Europe, and in this quest by both the Europeans and the Russians for leverage through options, through hedging bets, this was Russia's big hedge on its European interdependence. That hedge has not worked out very well, and I think what you're seeing now is a shift back by Russia towards Europe.

Now, looking longer term, I think Beijing and Moscow will continue to have very ample arenas for both cooperation and for competition. I think the main area to watch in this will be central

Asia, which historically has been an area of Russian dominance. But in recent years, there's been an informal division of labor in which China had an increasing economic role while Russia maintained the dominant security relationships in the region.

But right now, central Asian states are actually competing with Russia for market share in the Chinese energy markets. And as China begins to implement the One Belt, One Road policy, the new silk road which sees central Asia as a transmission belt between the Far East, and the Middle East, and Europe, I think that Russian interests and Chinese interests are going to run up against each other quite substantially.

So at the most abstract level here, Beijing occupies the driver's seat in the relationship. More and more Russia find itself in the role of a junior partner, as a taker, not a maker. The Chinese play this very well. I mean, the Chinese go out of their way to sort of hide this reality, right, and I think Xi Jinping has played his Russian diplomacy very good. I think they're very careful to not risk bruising Russia's sense of itself as a great power, but I think that in many ways their interests do diverge.

I think perhaps the most important way their interests diverge in relationship to the international order is that very different from Putin's Russia, China is effectively leveraging its increased global economic footprint to enhance its international stature, deepen relationships with other major global actors, and entice others to support China's aims in the global arena, be they the creation of the Asian Infrastructure Investment Bank, or the inclusion of the RMB in the IMF's SDR Basket.

So this is Chinese soft power or soft power with Chinese characteristics, and there really isn't a Russian parallel to this. I mean, even, even Russia's attempt to win support among southern European states by portraying itself as a constructive actor in Syria has run up against the challenge that at the core of Russian influence is the use of military power, and its inability to do that in a nuanced way in Syria I think is quite striking. So I think that China's economic strength is enabling these achievements on the international sphere despite Beijing's growing regional and cyber sphere assertiveness. And I think that, that makes the relationship between China and the international order quite different from that between Russia and the international order.

So my view here is that I think that the Chinese-Russian partnership is real. I think in particular the view on establishing regional strengths both in Russia's near abroad, and in the western Pacific for China is a very, very important shared interest that the two parties have. But at the same time, I think that the big driver, the big driver of what brought Russia and China together over the past two-and-a-half years was the enticement of the China-Russia energy partnership, and I think that market conditions, market conditions are making those dynamics much less real. I think that energy dynamics over time are likely to make Russia structurally a much more challenging actor internationally, but the same isn't necessarily true of China. Thank you very much.

(Applause.)

DR. MASUO: Good morning, everyone. It is my great honor to talk in front of so many people today. I greatly appreciate the Brookings Institution and Dr. Richard Bush, who've provided me

such a wonderful opportunity to exchange with distinguished experts and scholars in Washington, D.C. I am Chisako Masuo from Kyushu University in Fukuoka, Japan. As Professor Iwashita has mentioned, I'm from the southern part of Japan, and I usually have a very quiet, you know, local life, you know, very relaxing in city.

But as Professor Iwashita has mentioned, since I'm close to -- although people say that Kyushu University situates in the Japanese gateway toward Asia because that was the traditional port between -- Fukuoka used to have a traditional port between Japan and Korea, and towards China. So I am more focused on the, focused on China's relationship with other Asian partners usually. But anyway, I've been working on Chinese foreign policy for many years, and recently have visited many countries surrounding China to study how the neighboring countries, including Russia, is observing the rise of China. So I am delighted to be able to share with you some of my thoughts about this issue today.

So today I want to argue that the return of geopolitics is real in this region. And the driving force is the rise of China. This is Dr. Graham Allison word or statement. "The preeminent dual strategic challenge of this era is not violent Islamic extremists or a resurgent Russia. It is the impact of China ascendance" because this is something that can really challenge American dominance in the world. And I also want to argue that China is trying to reestablish its sphere of influence in the Eurasian continent through neighboring diplomacy and recent One Belt One Road initiative, and creation of AIIB and other forms of economic means. But I also want to argue that the emerging China-Russia axis is strong but not robust. In my eyes, China-Russia relationship is a marriage of convenience. And for both sides, the relationship with the other is less important than the relationship, relations with the U.S., or Europe, or to Japan.

Both recognize the limitation in their relationship. But this China-Russia relations symbolizes the new dynamism in this region, and the competition. I think competition between the United States and China will last long, and the middle powers and sometimes small powers, will have increased participation and roles in this power game. And, especially, in my eyes, especially Russia and India are going to take a big role in this game.

And so, first, let me ask you where China is. I think, all of you have the answer. Well, this is China's map. But then is this, this border, is this border fixed? Is this a stable border historically? Let's look at some maps of Chinese dynasties, historical dynasties. Well, all this is Qin, Han, Sui, Tang, Northern Sung, Yuan, Ming, Qing. Well, I've only shown the maps of so-called the unified kingdoms of China. But as we have seen, even when China was said to be unified, the shape of its country varied very much. The coastal lines were relatively stable because, you know, in the old, with the older techniques, you could not expand beyond the coastal line. But the continental border changed dramatically over the so many years.

Here is current China. This red line shows where China has completed border demarcation with the other side. On the continent, it is only India who has not agreed upon the borderline with China yet. For the ocean, it is only the territorial sea in Tonkin Bay or *Beibuwan*, where China has agreed with Vietnam. China has not yet reached any other demarcation with the, over the territorial sea exclusive economic zone, or the continental shelf on the marine side under the UNCLOS.

So the relations between China's rise and border extension. Historically, Chinese borders fluctuated depending on its national power. When China was strong, Chinese territory also grew in size. Interestingly, this idea still seem alive in contemporary China. In 1987, People's Revolution Army, PLA, raised the idea of strategic periphery, *zhanlue bianjing*. And contrary to the geographical border surrounding the territory and the territorial water internationally recognized strategic periphery could expand and contract depending on the state's comprehensive regional power. That means when China grows, it can also expand its territory, or, at least, the sphere of influence to the outside. Of course, there are restrictions given by the existing international order, Westphalian international order. In pre-modern period, China grew toward the west upon its rise coastal lines, as I have said, were enabled to extend.

However, today, China can only extend its geographical border toward the sea because most of its land borders have been fixed already under the international regime. Toward the continental direction, however, can China still see some room for extension? And toward the continental direction, China can only expand its influence under the neighboring state's national framework. So it can only -- it cannot make the real aggression, but it can only extend its spheres of influence through economic means mostly. Also, if we summarize, China's historical interaction with the other outside world, there is clear contrast between its maritime and continental neighboring relations. As we have seen, this is China proper. Only this area was relatively stable to be included in Chinese dynasties. And, of course, the coastal lines were very stable. And on the coastal sides until pre-modern period, there was no challenges against Chinese hegemony. There was China's definite dominance. Here, China could maintain relatively stable economic relations. Economy has been very important impact on this side ever since the closure of Silk Road. However, on the coastal side, China -- on the continental side, China was often invaded by the enemies. And sometimes China also dispatched military there. On this side, China faced many challengers traditionally. Political hierarchy was reversible between Han Chinese and the other depending on China's power. Traditionally, there was high security concerns but less economic importance on this area.

So let me go into China-Russian relations now. China's traditional relations with the other side is still -- China's traditional relations with the neighboring countries are still alive to some degree today. On the coastal side, economy still plays significant role. However, interestingly, this side is also important in terms of security today. The U.S. is coming from this side. And especially after the Taiwan Strait crisis in 1996, China perceives the U.S., the United States and Japan to be possible threat to China. And upon China's ascendance, China can only grow to this side under the restriction of the existing international framework, and China is claiming all of the nearby water.

So when China considers its external relationship, this side has, this side is the first priority, of course. On the other side, on the other hand, China's continental relationship has less importance today for China. China feels much less importance of economic interaction with its continental neighbors. China feels no security threat on this side, but to hedge the U.S. and its allies, China can have convenient political alignment with Russia. And recently, China also works to extend its sphere of influence by winning over central Asia, Mongolia, and et cetera. And the relationship on this side have been second tier importance for China. It is only a dependent variable to the relations on the other side.



But still, the relations on the continental side made a remarkable development over the last three decades as Professor Iwashita has mentioned. Particularly for Chinese diplomacy, Shanghai Cooperation Organization grow out of friendship on this side, grow out of friendship; has a special advertisement value to this road for China. China thinks it is a symbol of its constructive involvement to the world peace today.

Let me look at -- let me briefly look at this relationship from the Russian side. As you can see, for Russia, China has more importance. This relationship is quite asymmetrical. But, of course, this is -- actually, this is map of former Soviet Republics. And China is extending its sphere of influence to its former, you know, Soviet Union part like central Asia, or Mongolia used to be also a very close partner for the Soviet Union. And just like Ukraine, which used to belong to Soviet -- Ukraine, you know, which used to be so close to Soviet Union, just like a Ukraine issue it became -- just like Russia became so nervous about Ukraine, it can be very nervous about China's expansion of influence in the central Asia. So it is true that Russia, for Russia, China is the only reliable friend today. It feels huge international isolation, and it feels very, very lonely, and it is only China who can extend hands to Russia. And economically, China is very important for Russia, but also Russia is increasingly getting sensitive to China's enlargement, enlarged influence over those regions.

And here, also, I think, our SCO has provided a very interesting platform for interactions between China and Russia. In this SCO, you know, China and Russia has interacted each other, and, of course, Russia had very big influence over the central Asian countries, but through this platform, China has tried to establish good relationship with, neighboring relationship with those central Asian countries. However, since China's extension of influence became so clear, Russia recently has gotten very nervous about this. And in this -- on the SCO platform, Russia has begun to approach India to hedge against China. India has been the observer for SCO since 2005, but recently it had applied for full membership in the SCO together with Pakistan. Actually, Russia was pushing India to apply for the full membership, and China didn't want it, so China also drew Pakistan in. And so last year, the two countries, two countries' participation was recognized. And by this year, their participation will be finalized soon.

Well, I have attended this SCO, one of the SCO meetings, and I did observe very tense kind of rivalry was going on between China and India. Well, Russia, I'm sorry, China and Russia. Russia -- China was becoming more and more vocal about its leadership in the SCO, and Russia had to listen to China, and China demanded Russia to listen. However, of course, Russia was not happy, and it was trying very hard to draw India into this game. And when India participated, applied for the full membership, China did not say no because SCO has been a very big advertisement tool for Chinese diplomacy. And, of course, its enlargement means a kind of success for Chinese diplomacy, so it had to welcome it. But still, China wasn't happy about it at all.

So if you look at China's continental and maritime relationship, neighboring relationship geopolitically, it is very interesting. First of all, China is trying to advance toward maritime area down south. But then that made all the maritime neighbors very nervous. And, of course, those countries want to draw the United States back into the Asia Pacific. And they also interact, try to

interact each other more. But in the same time, interestingly, for example, Japan and Vietnam is very obvious, those countries are trying to appeal to India. So India has become a very important, you know, game player in this Indo-Pacific Region. And China's enlarged influence made Russia, and to some extent, Central Asian countries very nervous. And those SCO countries, other than China, are trying to bring India in. They are, also, trying to approach India. So both, you know, both Chinese neighbors are trying hard and having increased expectation for India.

We can see the dynamism in U.S.-Eurasia, Eurasian continent has been changing very rapidly because of China's ascendance. The rapid changes in the power configuration are awakening all the surrounding neighbors, and all are participants in this game. Of course, the important players are middle powers and to less extent the smaller powers. But still you didn't see this game before. While all countries seek to maintain good economic relations with China, they also try to strengthen all the new ties with other friends to balance out a powerful China and possible China's, possible risks China might bring to their countries.

So far, Russia-China alignment is strong, but not so robust. Each stands together for itself. They do not cooperate over wide strategic issues, or sensitive issues that might touch upon their sovereignty. And India is standing on a very unfavorable position in this new picture just like China had been in late 1970s when it started the opening and reform. So all this is a very big test for India. Well, I do not have a slide for the last part of my talk, but I would like to mention briefly about my thoughts. Here I'd like to ask my American friends some questions. Is Crimea -- I might sound provocative, but is Crimea that important for America? Is Russia a threat to the world peace? Who has more weight for the United States, Russia or China?

In my eyes, China does have a potential to create a new world order that might go against the liberal democracy, which America has advocated for a long time. At least on the Eurasian continent, if the U.S. does not compete with China in a constructive way, it could be a Sino-centric order. It could change to a Sino-centric order in the Eurasian continent where China makes decision not based on the international rules, but based on the communist, Chinese communist party's interests. It is preparing -- China is already not hesitant to use its economic and military might to coerce its opponents, unfortunately. It is preparing to foray into Arctic, Antarctica, deep sea, and the space very quietly, but evidently. On the other hand, Russia is an exhausted middle power that had been beaten up the western powers for a long time. It is China but not Russia the U.S. should put its foreign policy priority for the coming decade. To me there is a possibility to approach Russia and avoid Moscow to form a stronger axis or ties with China to maintain favorable balance of power for our side. Thank you very much.

(Applause.)

DR. BUSH: Thank you. Thank you very much to each of the presenters. Each has looked at our question from a somewhat different perspective and come up with different answers. And you can see now why that question mark was so important. I have lots of questions myself to ask them, but I'm going to show restraint in the interest of having you ask the questions. So, please, once I recognize you, identify yourself, and specify to whom you're posing your questions, and please keep your questions brief so we can get a lot in. So, I'll start with the person in the back on the row, and then I'll come up here and go back there.

MR. SULLIVAN: Good morning. Thank you so much for your insightful comments. My name is Alexander Sullivan. I'm with the Center for a New American Security. My question is about Russia's few but nonetheless important friends, specifically, in Asia that do have longstanding ties with Vietnam and with Japan, which, you know, at least until Crimea were at showing some momentum. My question, and this is really for anyone who wishes to answer it because I think you all have interesting perspective on this question, but U.S. policy, it seems to me, has at times tended towards trying to constrain those, you know, Japan and Vietnam, specifically, from improving relations with Russia, or even urging them to cease, you know, Vietnam to keep Russia out of Cam Ranh Bay and stuff. How do you think we should be approaching Russia's, you know, relations in Asia beyond China in the context of this potential entente?

DR. BUSH: Let's have one American and one Japanese answer. Dave, do you want to --

DR. GORDON: Yeah. So, certainly, U.S. policy has been to discourage both countries from cooperating with Russia. No. I think in the case, in the case of Vietnam, I think, you know, the combined, the combined relevance of China on the one hand, and the U.S. on the other, really provides a pretty decisive limitation on what the Vietnamese are likely to do with Russia. And I think it's, it's more likely over time for the, for the U.S. to end up having access agreements to Cam Ranh rather than Russia. The Japanese side much more complicated. And I think here, here it really somewhat depends on what happens on both the Syria front and the Ukraine front. But, I mean, right now, as long as U.S. relations with Russia remain conflictual on those two issues, I think that U.S. policy should be to continue to discourage.

But Japan is extremely interested in furthering its relationship with Russia both the strategic and the commercial economic level. And I do think that if you can potentially get some kind of a breakthrough on Syria, it won't be easy, but I don't think is impossible, that could create the conditions where U.S. opposition to Japan's more robust engagement with Russia would diminish.

DR. IWASHITA: I think when I was here seven years ago, I had two missions. One is Shanghai Cooperation Organization, how they understood. The second, you know, how which Japan-Russian relations improvement to the U.S. The latter, I completely failed because I was invited so many times they make emphasis on Japan-Russian relations very important in Asian Pacific context, but some American they replied, okay, okay, I'm Russian. The Russian threat is nothing. But I think that why I showed the first leaning on my presentation, most of researchers here in the policy circles see Russia only as extension of Europe. So they very, very involved in European thinking, European matters. So then I concluded the representation separate to Russian-Pacific side around the European side, so Putin has a different faces to us, so Abe administration wanted to improve ties with Russia so much, but after the Crimean crisis so the United States really repressed our government to go forward. So I think that (inaudible) to us.

DR. BUSH: Gentleman right there on the aisle.

MR. KHORY: My name is Mamoud Khory. I'm Bangladeshi American. My question is to Professor Masuo. Here is discussion China Russia U.S. Japan. And you told that China and Russia had good, very good friend. But my question is national and international relations depends on three factors: One is race. Another is region. Another is religion. I do not find

anything that Japan-China relation is worse than China-Russia because race, religion, and region is contiguous, but race and religion is different in China and Russia. But Japan and China is more related in race and religion. So how you say that China, historically China and Russia is good friend? I don't understand.

DR. BUSH: You understand the question?

DR. MASUO: I think so.

DR. BUSH: You understand the question?

DR. MASUO: I think there is a very different understanding in the international relations. If you could focus in the Middle East, or if you could see the world from the, a European or Islamic point of view, religious is very important. That's the main driving force that decides the regional relations in that region. However, in East Asia, I think states play more important roles. So national interest plays bigger role. And China and Japan between the Sino-Japanese relationship, religion never played important role, and probably it'll be the same thing between China and Japan and Russia too.

DR. BUSH: Okay. There's a question back in the back. Yes.

MR. STEELE: Thank you very much. My name is Andy Steele at the Risk Assistance Network & Exchange. In full disclosure, I took Dr. Gordon's course at Georgetown. I wanted to go a little bit further on the energy question and probe the shale gas revolution. I understand that China has invested billions into discovering their own innate capacity second only to the United States. It's not a global market. LNG is expensive to travel. I don't think China is competitive at \$40 a barrel of oil like the U.S. might be some capacity, but just generally when it comes to domestic capacity and China's willingness to not always let price dictate what energy solution to go with, is there something that is affecting the Russia-Chinese relationship, and any other considerations. Thank you.

DR. GORDON: So let me say a few words on that. I mean, I think that China in a long-term sense is intensely interested in domestic shale. With the collapse in prices, and with the big increase in potential sources of energy, I think China's anxiety level around energy resource has really come down in the last several years. And right now, right now, I don't think there's a focus at all in the immediate term on shale because of that. I mean, China can get gas from all sorts of different sources, oil prices have come way down, and there's a huge -- if you think about given the economic downturn in China, what would have happened had oil prices not declined, they'd be in serious trouble now. But they're not, and I do think that overtime this becomes important. I think this is one reason for China's intense interest in gaining access to the U.S. markets, and to the Canadian market, North American market, more particularly so.

I believe that energy can be an important element of mutual benefit for China and the United States, and, frankly, for leverage on the U.S. side. So to my mind, it's one of the, of the balancing elements in relationship.

SPEAKER: (inaudible).

DR. GORDON: Yeah, I mean, I agree with that. I think that the shale uptake in China is going to be very difficult. But right now, it's driving a major interest on the part of China to access U.S. technologies and to participate in our economy. It's a big leverage point should we, both sides become more interested in closing the bilateral investment treatment, which is something that I believe should be a priority for the United States.

DR. BUSH: I see a lot of hands. The woman on the aisle right here. Yes, you.

MS. CHEN: Hello, everyone. I'm so glad I can be here to listen the very great panelists. Just a very brief introduction. My name is Jishan Chen. I am a graduate student from University of Maryland, College Park. I am from China, so I am very interested how all the panelists to see a rising China -- just a question side. What do you think about the neighborhood countries of China observe a rising China? Of course, I really agree that China now really seeking a greater say in the regional issues. And, also, I really agree with Professor Masuo's opinions that new geopolitics between Russia and Asia, both Russia and China really exists, but assess that for the Russia and China axis is not that robust. I totally agree with your opinion. So my question is that what do you think about a neighborhood countries of China would observe a rising China in the regional issues? Thank you.

DR. BUSH: This is a huge question. We could have two or three programs on it. So what I'm going to do is ask you just to say, you know, on a scale of 1 to 5, and 1 is really bad, and 5 is really good, what are the views of East Asian countries towards China? So we'll start with Aki.

DR. IWASHITA: Okay. Let me concentrate on the Indians reaction to China, okay? So I add something to comment Masuo-san's explanation. I have a bit different idea of the Indians' reaction to China. I have been, contacted with so many Indian colleagues, so the Indians have changed the opinion towards China. So they say why a lot Japanese, or Americans worry about China?

So the Japanese think that the Indian worry about China. But Indian never think so. We collected the ten Indian scholars from various institution. So they strongly debate among them how they should think of the threat of China. So majority, I think, they do not care China's threat. They worry more with good ties with China. So please imagine what kind of economic independence between China. And, therefore, I have a bit different idea on the SCO. Of course, Russia want to invite India to SCO, but China not so objective. So it's a new geopolitical sense, just I add this point.

DR. BUSH: I think we'll go to another question. The gentleman right here in the hit.

MR. HURWITZ: Thank you very much for a wonderful presentation. I would ask anybody on the panel to discuss the Chinese relations with Mongolia. I have been to Mongolia twice on World Bank missions. My name is Elliot Hurwitz, I used to work through the State Department, and World Bank, and intelligence community. Mongolia has traditionally been a U.S. ally. I was there twice and I lectured Mongolian people in College Park, Maryland. How successful do you think China has been in its relations with Mongolia, the so-called 16th Republic of the USSR?

DR. BUSH: So anybody want to answer that question? Please. Chisako.

DR. MASUO: China's relationship with Mongolia. I think economically China wants to enlarge its space of influence to Mongolia, but it is also true that Mongolia has been very cautious about accepting China's enlarged influence. So it always wants to play out China by extending its relationship with Japan, or sometime to Russia. And so it is trying to keep the Switzerland status in this great power game, I think.

MR. BUSH: Okay, up here. Right there.

MR. YAHUDA: My name is Michael Yahuda and I'm attached to GW. My question is for David in terms of if I understood his argument correctly, he was saying that America in handling relationships with Russia and China, and I think more with China, but that America should stress very much the rule of law, and the general principle, if you like, underlying the American vision of world order, and the one that has been, I suppose you would have to argue, successfully operated more or less successfully for the last 70 years.

Now, you also said that, and if I understood you correctly, that in not seeking a conflict, or military conflict with the United States, China has been pursuing a strategy of changing the status quo in its favor in incremental ways. So from that point of view, I think one would argue that Chinese are following international law as they understand it, or as they choose to understand, and it doesn't necessarily correspond with the view here of international maritime law in particular. So if that were to continue, what do you think the United States should do?

DR. WRIGHT: Yeah, that's a great question. So I think, you know, obviously, in Beijing they would say this is sort of a different interpretation of what international law, you know, is, but objectively, there are, you know, treaties, there are courts, I mean, there are cases, the Philippines case being, you know, one that's in front of a court, you know, at the moment. And I think that you could make the argument, and the U.S. does make the argument, and many countries in the region, that what China is doing is violating the law by trying to change the status quo. It doesn't need to rise to the threshold of the use of force. And so I think what's important is to make the point that the U.S. has been making over the, in recent years that these disputes, if there is to be resolution, it has to be reached multilaterally, and it has to be in accordance with due process.

I would just make one other sort of broader point as well that, you know, somebody mentioned earlier about China's rise and it's sort of coming to terms with the, you know, the rise and how it impacts the region. There's something to that, but I think, you know, we also need to remember these are strategic choices that countries make. I mean, Russia is not a rising power, and it is choosing to challenge the order. China may not rise in the future or it may rise, but the strategic choice it makes is somewhat independent of that. And it's less that they are rising enough to challenge. It's more about what they're actually doing. I think that's what we -- you know, none of this inevitable. It's something that people choose to do in their respective capitals, and I think they are making a choice on this some of the South China Sea stuff that is more of a change than their ambitions more generally at the global level.

SPEAKER: (off mic)

DR. WRIGHT: The question in case people didn't hear it was should the U.S. try to impose some sort of cost. I mean, that is a current approach. I would more say that it's -- what the U.S. needs to do is to, is to think about what this means in the aggregate overall, and how it's changing, and how it's changing the region, and how to advance a vision of order in the region, and that the countries in the regional actually want.

And so it's less about, you know, the president sometimes says that Russia or China does something, you have to impose a cost as if like, you know, that then they will sort of reconsider later on. But we're missing the larger picture of what it is that key individuals or governments are trying to accomplish, and we need to be concerned about the net impact of that in a five or ten-year period, and how and when to push back against that overall vision and not just say, you know, they build an island in the South China Sea, or put something on Woody Island, and therefore, there ought to be a cost, and then we move on, you know, to other things. We have to think about what this adds up to, I think.

DR. BUSH: Tom, let me ask you to respond to Chisako's last point. To put it simplistically, Russia is over and China is the future, so the United States should focus on China.

DR. WRIGHT: Yeah, well, it's not a view that is rare in Japan. I think it partly depends on where you sit, right, and, certainly, if you sit in Eastern Europe, that is not, that is not something that they would feel. You know, Putin is likely to be in power 'til at least 2024. He has a very sort of different idea of international order, in European order than America's allies do, and he has lots of capability to create mischief even though in a century-long period, you might say, that they are in decline.

So I think, you know, I really don't like this whole rise-decline thing. I know we sort of get obsessed with it, but I think it really blinds us to what the sources of problems and conflict can often be. Many of the countries that have caused the greatest problems in recent history have been declining powers not rising powers partly because they worry that they're running out of time, and they have to act before it's too late. And so I think that it -- I don't think that Russia is over by any, by any means, and, you know, people, as my colleague Bob Kagan says, people have been predicting Russian decline for 400 years, and it hasn't, you know, somehow it's still around.

DR. BUSH: The gentleman right there.

MR. JING: Thank you very much. My name is Jing from Georgetown University. I have two short questions. The first one is for all of the lecturers today. In light of the U.S. presidential campaign, what would the potential presidency of Hillary Clinton, or probably Donald Trump, mean for the future U.S. foreign relations toward these countries? And the second question is particularly for Dr. Iwashita and Masuo. In what sense that Abe reinterpretation of the Article 9 which actually changed the way that Japan interacts with neighboring countries? Thank you.

DR. BUSH: I think we have time for quick answers. You want to speak to --

DR. GORDON: Yeah, so I think that should Secretary Clinton become president, I think that she would probably, I think, move to engage personally more decisively with U.S. allies in the

region while also trying to sustain engagement with China. So she would, I think, follow a track not at all dissimilar to the current thrust of U.S. policy, but much more hands on, much more hands on.

I think that if Donald Trump becomes president that what you would see would be a lot of sort of aggressive and assertive commercial economic and financial diploma vis-a-vis China, but actually the -- I think that Trump, unless overturned by others, his orientation would be to not be nearly as engaged as a security balancer in the Western Pacific.

DR. BUSH: Aki or Chisako, to you want to answer the question about Article 9?

DR. IWASHITA: Short answer. So if you think of the recent security arrangement of the Diet passed, it's 98 percent of Japan's constitution say it was a dig, say it's infringe against constitution. But Abe administration didn't care. Article 9 felt more symbolic for his kind of new Japan normalization. So I mean that it not so realistically changed.

DR. BUSH: Okay. Gentleman back there.

MR. BILLINGTON: Thanks. Mike Billington. I'm with Executive Intelligence Review and LaRouche PAC. One area that hasn't been discussed, a very close collaboration between China and Russia is in the Middle East. The Putin military intervention in Syria, which was strongly backed by China, and which was legal under international law, unlike the U.S. bombing, has, I think, everybody now acknowledges pretty much crushed Obama's regime change policy. And by cutting off the supply lines from Obama's friends in Turkey and in Saudi Arabia has created the situation where, in fact, Isis could be crushed, at least in Syria, and potentially beyond. And in this context --

DR. BUSH: Could you get to your question?

MR. BILLINGTON: Yeah. Well, it's about Xi Jinping's visit. Xi Jinping visited Saudi Arabia, Iran, and Egypt and offered to bring the Silk Road into the Middle East as the basis for peace. To bring it in now to create jobs, to create cities to begin the rebuilding. That, I think, is the key thing for Americans. How do we get Americans to stop this geopolitical confrontation with Russia and China, to join them in nation building in the Middle East and around the world? That's, I think, what is the key issue facing all of us today.

DR. BUSH: Tom.

DR. WRIGHT: Yeah, I can -- I disagree, I think, with the premise of the question. I don't think Chinese views of the Middle East are similar to Russia's at all. I think China is actually very respectful of U.S. leadership in the Middle East, and it will be in America's interest for China to do more because it's, its interests in its west are actually much more aligned with U.S. interests, and its interests in East Asia. I think that's a key distinction to make.

And to go back to an earlier point for a second and just link it, you know, this is not about rising Chinese influence overall. There's many ways in which rising Chinese influence is a positive, or something that's entirely legitimate. This is really -- what we're really sort of arguing about or discussing is ways in which Chinese influence may be exercised particularly in East Asia that



could be destabilizing over a five or ten-year period, and that's what's sort of worrying about it. So in the Middle East, in Central Asia, other parts, there will be times when we disagree, but, actually, it's maybe not -- sometimes we make too big a deal out of it.

DR. BUSH: The gentleman back there in the yellow ties, or the yellow tie. Yeah, you. Yeah, you, with the beard. Yeah. Right there.

D. GORDON: It's a blue tie.

DR. BUSH: Blue tie. Sorry. Are we talking about the same person?

DR. GORDON: Think so.

DR. BUSH: Oh, it's a blue tie. You're right.

SPEAKER: Thank you so much for your thoughtful comments and insight into Asia Pacific, and geopolitics overall. The question I had in the view that things progress as they are progressing right now, if Russia and China do build an alliance, the Quadrilateral Security Initiative that was proposed by Shinzo Abe in 2007-8 that there be a quadrilateral dialogue between India, Australia, Japan, and the United States, is it a viable option for the United States to kind of counter this growing alliance and secure some sort of geopolitical balance in the region, or is it something that the U.S. should avoid? I mean, if such an initiative is taken, it would actually put the whole geopolitical battle out in the open rather than keeping it under the books for now. So is the quadrilateral security initiative a good point, and is it a viable option for the United States in the long run?

DR. BUSH: Please.

DR. GORDON: So I think the quadrilateral alliance goes forward. It's really independent of the status of the Russia-China relationship. It's a good point, and it's something -- the problem for China in terms of their assertive posture is that it alienates others in the region, gives them much more reason to cooperate among themselves, and more importantly, it basically gives them all a powerful strategic interest in deepening U.S. ties across the board, but particularly in the security arena in the region.

So that's the Chinese dilemma here. Is that they can push, and push, and push, and salami slice, but the more they do, the more they create this basis for an alternative. I think that the really interesting question in this triangle between Russia, China, and the U.S. is going to be the status of India, because they're a big geopolitical prize here in terms of what their ultimate orientation is.

DR. BUSH: Chisako.

DR. MASUO: I would like to answer from the Japanese point of view. I think it is very important to pay attention to the difference between Abe's first and second administration. At the first administration, Abe tried to work out the Japanese-Chinese relationship by proposing strategic win-win partnership between China and Japan.

However -- and he also tried to negotiate over the East China Sea issues, and tried to -- he did work very hard to negotiate with China, but all of the Japanese efforts to negotiate over the East China Sea issues failed because China in many cases, well, in all of the cases didn't comply with the agreements between Japan.

So in his second administration, he has given up to negotiate with China anymore. And he had applied for a tit-for-tat strategy. China was playing the game with the power, and Japan wanted to apply power. And for Japan, Japan has very strict, restrict under the constitution, the forming alliance or partnership with other countries was the rational choice.

DR. BUSH: Okay. We've come to the end of our time, so I'm afraid I'm gonna have to sort of close this down. And obviously, we could go on for a long time, but our panelists have been kept going for two hours, and I think they need to take a rest. I want to thank each of them, particularly Aki and Chisako for coming all the way from Japan. Thank you for your attendance and for your great questions.

(Applause.)

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