

THE BROOKINGS INSTITUTION

WEBINAR

GLOBAL CHINA: ASSESSING CHINA'S GROWING
REGIONAL INFLUENCE AND STRATEGY

Washington, D.C.

Wednesday, July 29, 2020

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P R O C E E D I N G S

MS. MALONEY: Good morning. My name is Suzanne Maloney and I'm the interim vice president and director of the Foreign Policy program at the Brookings Institution. It's my great pleasure to welcome you all today for an online conversation on China's Growing Regional Influence and Strategy.

This morning's webinar helps to launch a timely and significant set of papers on how China has established itself as a global actor for our Brookings project on Global China: Assessing China's Growing Role in the World. Global China is a two-year initiative of Brookings foreign policy that seeks to provide an empirical baseline for understanding China's global role across wide-ranging geographic and functional issues.

Thank you to my colleagues, Ryan Hass, Rush Doshi, and Tarun Chhabra for leading this monumental project, which draws upon Brookings deep rent bench of China and East Asia experts, but also upon scholars from across Brookings, especially the institution's experts on security, strategy, regional studies, technology, and economic issues.

China's presence now can be felt in virtually every corner of the globe, from Europe to South and Central Asia, Latin America, the broader Middle East, and beyond. These recently released papers that we'll be discussing during the panel portion of our program today highlight how China deploys a wide range of methods to advance its interest beyond its borders. At the leading edge of its efforts to gain influence, China relies on economic spacecraft, pressed gains or imposed penalties to countries that do not bend to its will. The papers also draw linkages between China's outstanding economic presence and its verging military footprints in several regions.

There is still an unresolved debate about whether China will be able to turn its ambitions into reality. And so to help our thinking on all these questions, we are delighted to welcome Lisa Curtis to this Brookings webinar.

Lisa serves as deputy assistant to the president and senior director for South and Central Asia at the National Security Council at The White House. Prior to her appointment to the NSC in 2017, she was a Senior Research Fellow at the Heritage Foundation. She also serves as a staff member on

the Senate Foreign Relations Committee for then committee chairman, Senator Richard Lugar. She has held important roles in the South and Central Asia Bureau at the State Department and at the Central Intelligence Agency. She has direct experience on all these issues having served at U.S. embassies around the globe, most notably in Islamabad and New Delhi.

As you can see from her background and current responsibilities, Lisa has played a prominent role in policy development that had direct bearing on the issues that we will be discussing today. Lisa, thank you for your incredible service to our country and also for taking the time to be with us this morning. Following her keynote address, Lisa and I will have a brief discussion. We will then invite a panel of authors who have examined China's effort to expand its influence in Asia, Latin America, and Europe. We'll welcome Ted Piccone to discuss China and Latin America; Natasha Kassam of the Lowy Institute to discuss Australia; Jung Pak on South Korea; and Tom Wright on Europe, all moderated by D.L. McNeal who formerly served as the Assistant Director of our China Center here at Brookings.

Now before we move on to the formal session, I need to note that outside of their work for Brookings, our scholars occasionally advise political candidates on the issues in accordance with the institution's nonpartisanship policy. That policy can be found on the Brookings website and all affiliations are disclosed on individual expert pages on our website.

A final reminder that we are on the record and streaming live, so please send us your questions to: events@brookings.edu or on Twitter using the hashtag: #globalChina. Before I hand over the mic to Lisa Curtis, I would like to thank The Ford Foundation for their generous support of this initiative. And with that, I'll pass over to Lisa Curtis for her address. Thank you.

MS. CURTIS: Thank you, Suzanne, and I'd also like to thank The Brookings Institute for the opportunity to speak today about China's ambitions and activism in South and Central Asia and how the United States is responding.

During the early days of the Trump administration, the president directed his National Security Council staff to evaluate the assumptions that had guided U.S. policy toward China for three decades. We quickly found that some of these longstanding assumptions had tied our hands in ways that

left American workers, institutions, and values vulnerable to China's maligned influence. One of these mistaken assumptions was that engagement inevitably leads to liberalization. This clearly has not panned out as we expected. We must view China as it is, not as we wish it were. The reality is that even as China exports billions of dollars of goods around the world, the Chinese communist party also exports censorship and other tools of authoritarianism.

Beijing exploits countries' legitimate economic needs to coerce them to line up behind the party's values and policies. In response, the Trump administration has adopted a new approach based on a clear-eyed assessment of Beijing's intentions and actions, a reappraisal of our strategic advantages and shortfalls, and intolerance for greater bilateral friction with China.

This competitive approach has two objectives: First, to improve the resiliency of our institutions, alliances, and partnerships; to prevail against the challenges that China presents, and second, to compel Beijing to cease or reduce actions harmful to the United States vital national interests and those of our allies and partners including our friends in South and Central Asia. To implement this new approach, we're focused on working with our partners to uphold the principles that we've championed since World War II, freedom of the seas and skies, marketplace economics, high standard development, and sovereignty.

We're also promoting transparency and a free press, which are vital to health, good governance, and the global economy, as the COVID-19 pandemic has made all too clear. We need to uphold these principles, all of them, because we've seen what happens when they're ignored, and we know from experience that following them leads to greater security and increased prosperity. That's why they're at the heart of the President's new approach toward China, and that's why this approach is succeeding.

One success story in South and Central Asia is the increased cooperation between the United States and India to uphold a free and open Indo-Pacific. Few countries in the world are more familiar with Chinese maligned influence than India. The two countries fought a war in 1962 and today, China claims 35,000 square miles of India's northeastern state of Arunachal Pradesh, and China's recent

aggressive stance on the line of actual control in Ladakh fits with the larger pattern of PRC aggression in other parts of the world.

Under President Trump, the United States has strengthened our partnership with India and welcomed its emergence as a leading global power. Since the president's inauguration, our bilateral economic ties have grown to the benefit of both of our countries. We've also expanded our defense and security cooperation to support India's rise as a net security provider in the Indo-Pacific region and beyond. But our partnership with India is about much more than economics and security. It's also about the democratic traditions that have made both of our countries more prosperous and secure. In the United States and India, we value the individual and believe that liberty is a priority, even if it makes political decisions more difficult. We believe in representative government, even though it slows us down sometimes, and we believe that our political and economic freedoms are inseparable.

In February, President Trump capped three years of hard work strengthening the U.S./India partnership by traveling to India. He went to the cities of Aminabad, Agra, and New Delhi. I had the honor of accompanying him and participating in all of the meetings, and I can confirm that it was a very productive 36 hours for our bilateral relationship. President Trump and Prime Minister Modi announced more than 3 billion in defense sales including naval helicopters that will enhance maritime domain awareness and promote our interoperability. They agreed to strengthen quadrilateral consultations with Australia and Japan to work together to ensure that the integrity of the United Nations and other international organizations and cooperate to advance effective and transparent development solutions across the world.

Prime Minister Modi expressed interest in the Blue Dot Network, which offers an opportunity to work together to promote sustainable and transparent financing for infrastructure throughout the region. And the two leaders laid the groundwork for the scientific collaboration we're seeing today to develop diagnostics, therapeutics, and vaccines that the world needs to fight COVID-19. Our cooperation to cope with COVID-19 and its aftermath demonstrates just how critical this partnership is to both of our nations' security and long-term prosperity. Maldives is another success story; an example

of how engaged voters and civil society can push back against corruption and author authoritarianism in favor of transparency and human rights.

For five years the administration of former Maldivian President Yameen awarded construction contracts to Chinese companies at inflated prices and without transparent bidding, leaving the Maldivian people with enormous debt. In 2018 though, the people pushed back with nearly 90 percent of the country's eligible voters turning out to the polls. President Solih decisively defeated Yameen and ushered in a new era in Maldives' history. Today, the United States and Maldives are working together to fight corruption, support economic recovery, combat terrorism, and advance a free and open Indo-Pacific in which all nations regardless of size can prosper.

With Sri Lanka our ties are based on shared democratic traditions and a common interest in promoting a free and open Indo-Pacific. The strength of our partnership could be seen following the horrific Easter bombing attacks last year when we offered our full support to the government in the immediate manhunt as a culprit and to follow on counterterrorism efforts. In contrast, China tried to obstruct Sri Lanka's investigation and sought to spread disinformation about U.S. counterterrorism assistance. Sri Lanka remains a valued American partner under the leadership of President Rajapaska, and we believe that advancing justice, accountability, reconciliation, and human rights will support Sri Lanka's long-term prosperity.

Bangladesh is another key partner in the Indo-Pacific region. Located at the crossroads of South and Southeast Asia, it has experienced strong economic growth for more than a decade and it will soon become the second largest economy in South Asia. To expand its influence in Bangladesh, China is investing in infrastructure, selling cheap armaments, and building a base for the 1970s area submarines that it sold to the Bangladesh Navy in 2016. But the Bangladeshi government is carefully balancing its foreign policy and we've seen significant growth in the U.S./Bangladesh relationship during the past three and one-half years.

We are also deeply grateful for Bangladesh's humanitarian commitment to the nearly 1 million Rohingya refugees that it has taken in. We're committed to Bangladesh's long-term success

because U.S. interests in the Indo-Pacific depend on a Bangladesh that's peaceful, secure, prosperous, healthy, and democratic. And we continue to encourage the Bangladeshi government to renew its commitment to democratic values as it prepares to celebrate its 50th anniversary of independence next year.

Turning to Nepal and Bhutan, we see more examples of China disregarding the sovereignty of its neighbors. In May for example, Chinese state-run media claimed that Mount Everest, a symbol of Nepali sovereignty, actually belongs to China. And earlier this month, China asserted a new territorial claim in Eastern Bhutan. But under President Trump, we've strengthened ties with both of these countries. We remain Nepal's most dependable development partner and we continue to make strides in supporting its transition into a full-fledged constitutional federal republic.

In Bhutan, we're supporting STEM activities to benefit Bhutanese students, teachers, engineers, scientists, and entrepreneurs. Last summer, then Deputy Secretary of State and now of course our Ambassador to Russia, John Sullivan, made a historic visit to Bhutan, the highest level U.S. official to visit in more than two decades. During his meetings he discussed the importance of expanding ties between the American and Bhutanese people, enhancing our joint efforts against trafficking in persons and working together to protect a rules-based order in the Indo-Pacific region.

As all of South Asia copes with the coronavirus pandemic, the U.S. has allocated millions worth of assistance for the development of vaccines, therapeutics, to increase preparedness, to provide food and other aid as well as donating hundreds of high-quality U.S. made ventilators.

Turning to Central Asia, we have seen significant changes occur in this region over the last several years including new leadership, changes in governance, the opening of economies, and improvements in relationships among the countries of the region. Another significant development has been the growing influence of China.

As a result of all of these developments, the National Security Council last year led a process to review and assess U.S. national interests and priorities in Central Asia. The culmination of this effort is the administration's strategy to advance United States' national security interest in Central Asia,

2019 through 2025. Our strategic goal is to foster the development of a stable and secure Central Asia in which each country is capable of pursuing its own national objectives. We seek to deepen political, economic, and security partnerships with each of the Central Asian states and to work in partnership with them to open the region to international investment and to improve the region's connections to the rest of the global economy so that they may avoid becoming overly reliant on any one country for trade and development.

We are also working with the governments in the region to build resilience to short and long-term threats to their stability and to strengthen their indigenous capacities to counter maligned actors. As an example, the United States International Development Finance Corporation is currently working with the Central Asians to explore creating a jointly financed multibillion dollar development fund to catalyze high quality private sector led investment and development across the region. We were also delighted to see Uzbekistan's interest in joining The Blue Dot Network, which aims to promote quality infrastructure investment.

Since the COVID crisis, the United States has provided health assistance to all five Central Asian governments, preparing laboratory systems and providing other technical expertise to address preparedness and response. We are also working closely with the region's health facilities and professionals providing humanitarian assistance for vulnerable populations including labor migrants and providing ventilators and other needed equipment and supplies. This health assistance is a contribution or a continuation rather of our long-term regional development investments that total over 3 billion.

U.S. development efforts foster the region's independence, instead of creating dependency on donor-driven debt. While the PRC continues its programs of investments in regional infrastructure and the extraction of raw materials from Central Asia, the region seeks a counterbalance from the United States that will allow them to strengthen the foundations of their economies. In addition, China's repression of Uighurs, Kazakhs, Kyrgyz and other Turkic Muslim minorities in the Xinjiang region will continue to raise concerns among the publics and governments of Central Asia.

Nowhere in South and Central Asia has China made more inroads than Pakistan. The

China-Pakistan Economic Corridor or CPEC is the crown jewel of China's Belt and Road Initiative. Chinese pledges for CPEC now exceeds 60 billion. But CPEC is not foreign aid, nor is it the equity investment that drove China's own development. CPEC is financed by sovereign debt and needs to be paid back. The risk is borne by the Pakistani people, yet the benefits accrue primarily to the Chinese communist party.

The United States' relationship with Pakistan is different. We seek to work together with Islamabad to enable economic growth, development, and inclusivity that will help the Pakistani people lay the foundation for a more prosperous and peaceful future. Even if the United States competes with China in South and Central Asia, we welcome cooperation where our interests align.

In Afghanistan, for example, China has supported cause for reduction in violence in order to create an environment conducive to enter Afghan negotiations. The United States has a deep and abiding respect for the Chinese people and enjoys longstanding ties to the country. We do not seek to contain China's development, nor do we wish to engage from China. On this point, the President has been clear. America's vision for the global order excludes no nation. We look forward to working with all countries that share our respect for sovereignty, individual liberty, fair and reciprocal trade, and the rule of law. Thank you, again, for this opportunity to speak today and I look forward to taking your questions.

MS. MALONEY: Thanks so much, Lisa, for giving us such a comprehensive and wide-ranging view of your policy toward the region and the approach of the Trump administration. And I really want to thank you for agreeing to stay with us and engaging in this session around some of the issues that you raised today. So, I have a few questions and then in just a few moments we'll be turning to questions from the audience. So I would encourage all of those who have been listening and participating in this discussion to please forward questions using the hashtag #globalChina or through the email address that we've provided on screen.

Lisa, I wonder if you could put on your hat as one of the foremost analysts of South Asia in Washington. How have you seen China's level of involvement in the region of South Asia change over the course of your time watching these issues? And I wonder also if you can speak to how the

approaches of some of the countries in the region has evolved over time.

MS. CURTIS: Okay, thank you, Suzanne. Certainly, Chinese influence and activities in South Asia has grown significantly over the last 20 years. I would say even 25 years ago, China did not take India very seriously and I think they viewed India as more inward looking, lagging on their economic growth indicators; however, fast-forward a bit, 15 years ago, China recognized that India's economic growth and military capabilities were starting to take off and at that time there was a line of thinking that India and China would together usher in a new Asian century and that cooperation, not competition, would govern their relations. However, I would say by about 2010 or so, about 10 years ago, it was clear that their long held border disputes would not be easily resolved, and that each country's rise would be uncomfortable for the other. And certainly, you know, we've seen Chinese influence grow with India's neighbors, namely Nepal and Sri Lanka, trying to not only build economic clout in these countries, but also is getting more involved in their internal politics. Bangladesh, as I think mentioned in my remarks, has shown a little bit more resiliency and you know really seeks to balance its foreign relationships. And then of course, you know, China and Pakistan, they have evolved really from having a very close security partnership to one that's based increasingly on growing Pakistani dependency on China through loans and through CPEC.

And with regard to South Asian countries' approaches to China and how those have evolved, I would just look at what's happened over the last few months between India and China with their border dispute. Now, thankfully, we're beginning to see disengagement of their forces after a few very tense weeks, and so, you know, this -- this is a good thing and you know, we hope this continues. But I think that the pressure that China put on India, on the LAC, will have a long-term impact on how India views the relationship. It will change the dynamics between the two. And I think that you know, India demonstrated that it has the will and the capabilities to stand up to China. Of course, it played the economic card by banning the Chinese apps and putting a hold on Chinese investment contracts. And I think you know the rest of the Indo-Pacific region is watching this very carefully. But I think they would be encouraged by India's resolve.

MS. MALONEY: Terrific. You know, that's obviously been just a crucial issue over the course of the past few months, and I appreciate your giving us some sense of -- of how it looks from The White House and the balance of risks and opportunities in the final India intentions for the United States. But you also spoke about China's approach to the region through its Belt and Road Initiative. And obviously, this has been an issue that has drawn a lot of criticism from the West. Many have labeled the loans under the BRI to various countries at high risk of default, something called debt trap diplomacy. And I wonder if you can give us a sense of how those concerns about that debt trap diplomacy are being received in the region and what it is the U.S. government is doing across South and Central Asia to address those concerns.

MS. CURTIS: Well, I think the South and Central Asian nations are beginning to wake up to the down sides of the debt trap diplomacy and they are seeking now to avoid becoming overexposed to China. Now, we've only just begun to see the potentially devastating global economic impact of COVID-19, but we hope that moving forward these countries will rely on the international financial institutions for their economic recovery and that this will help create incentives to be more transparent about debt owed to Chinese entities.

Another way that we are dealing with the BRI is, as I mentioned, through the development of The Blue Dot Network. This is a way to encourage transparent and cost effective and reliable infrastructure development in the region and financing for that development. Also I think the transformation of the Overseas Private Investment Corporation into the International Development Finance Corporation, the doubling of its budget and increasing its authorities is another tool that the U.S. has developed to create alternatives for the Belt and Road Initiative. And I would just mention that you know, India has been a skeptic of the BRI initiative from the beginning. If you remember, they did not send a representative to the BRI conference in 2017 and I think that their early skepticism of this effort is really bearing out. They seem very depressant right now.

MS. MALONEY: I think certainly they were ahead of the game. I want to also draw upon another issue that you referenced in your opening remarks and that is the situation in Xinjiang. There

have been a number of political figures in Europe and in the United States that have called out China for its use of reeducation camps in the language of the Chinese government for repression. But there have been many countries in Central and South Asia and also of course in the Middle East where I focus my own research that have been more reticent to challenge China's processes publicly. I wonder if you could share some insight with us on why this is and what it might foretell to the future of relations between China and Central and South Asian countries.

MS. CURTIS: Well, I think with regard to the Central Asian countries, yes, I think they're concerned about China's economic influence in their countries and therefore, they've very much hedged their comments about the repression of Muslims in Xinjiang province even though many of their publics have been very vocal in protesting these actions, especially as they hear about family members or friends who have suffered in these camps. And I think there's also some disappointment with the large Muslim majority countries, countries like Bangladesh and Pakistan who have also failed to speak out against what's happening. But I think the more we see China try to interfere in these other countries or to spread their disinformation campaigns, try to manipulate the political discourse in these other countries, I think the more we'll see the South Central Asia countries begin to raise human rights concerns about Muslims in Xinjiang. So I think that there has been reticence, which has been disheartening, but you know I think as these countries see China trying to increase its disinformation campaigns and spread you know things that are not true about what's happening and if they try to do that in these countries, that you'll start to see pushback from the South Central Asia countries and more speaking out about the treatment of Muslims in Xinjiang. But I agree with you, it is disheartening to see the lack of expression of concern about the horrific things that are happening there.

MS. MALONEY: Well we have just a few more minutes before we open up the discussion with our panel of experts, so I really do want to encourage folks who are listening in to send comments or questions and we might be able to relay and post to Lisa while we have her a short period of time left. But let me at least flag several that have come in even in advance of our discussion today which really focused on the broad scope of the U.S./China relationship and the extent to which we are

either now formally in a kind of Cold War situation with China and how likely it may be that we may find ourselves in something that looks like a hot war situation with China?

MS. CURTIS: Yes, I think -- look, obviously the tensions are high, particularly in -- in this -- you know the aftermath of the COVID-19 pandemic and there is some longstanding concerns that we have had about Chinese actions and the human rights concerns that we just talked about. And of course more recently what's happened with Hong Kong and then we have seen the Chinese assertiveness in other regions. I mentioned the India/China border, also the South China Sea. So clearly tensions are raising, but I think that you know each side would want to control those tensions from escalating and you know we'll have to get used to like I said, the U.S. is willing to accept more risks in the relationship and I think each side will have to get used to sort of these new -- these new guidelines that will be you know directing U.S. policy in the region as we move forward. And of course, you know, my time is focused on South Central Asia and I think what that means there of course is a deepening of the U.S./India partnership, a recognition of commitment that both countries have to a free, open, transparent region in the Indo-Pacific, and you will see more of a focus on building up that relationship and also ensuring that the other nations of South and Central Asia can maintain their own sovereignty and they have choices and alternative to China.

MS. MALONEY: Well, thank you, Lisa. This has been an incredible discussion and we're so grateful for both your sharing generously of your expertise and also your time here this morning. We recognize that you have a very full plate of issues waiting your attention, but really are so grateful for your time with us today. With that I would like to just ask all of our audience to engage in a virtual round of applause for Lisa Curtis and thanks to her for being with us. And now I will turn the mic to D.L. McNeal who will be moderating our panel of experts who will be looking at the rise of China and its influence and strategy across a variety of regions around the world. D.L.?

MR. MCNEAL: Thank you very much, Suzanne, and also thank you to Lisa for such a great set of remarks. Please allow me to welcome you all to the second panel this morning in our Brookings Global China Project entitled Assessing China's Growing Influence and Regional Strategy. I

am Dewardric McNeal and I am the managing director at Longview Global, LLC, but more importantly I am the former assistant director for National Programs at the China Center at Brookings. It's a pleasure to be with you this morning. Before we get started, let me also take the opportunity to promote all of the wonderful papers in the Global China Project series, but particularly focus on this current batch which examines China's strategies and tools that it's using to try to advance its strategies in various geographic regions. Collectively we find that these papers set out a scenario where China is really looking to push economic state craft, which usually involves a diplomatic charm offensive followed by promises or robust economic engagement and pledges of generous economic support and trade, which eventually turns sour when a country or region does something that threatens Beijing's interests.

And gathered this morning to discuss all of this is an excellent panel. Please allow me to introduce them and we will get right into our discussion. Joining us is Ted Piccone and Ted is the chief engagement officer at The World Justice Project. Ted is also a nonresident senior fellow at Brookings and the Foreign Policy Security and Strategy program. Welcome to Ted. Jung Pak is a senior fellow at the Foreign Policy program at Brookings in the Center for East Asia Policy Studies, and welcome to Jung. Natasha Kassam is also with us this morning. She's a Research Fellow at Diplomacy and Public Opinion Program at the Lowy Institute, joining us from Australia. And last but certainly not least is Tom Wright, the Director at the Center on United States and Europe at The Brookings Institution. Tom is also a Foreign Policy Senior Fellow in the project on International Order and Strategy at The Brookings Institution. So welcome to all of our panelists.

What I thought we would do is jump right in starting with Ted and Latin America, work our way across the Atlantic to Tom and Europe, up to Jung and South Korea and then finally down to Natasha in Australia.

Ted, if I can, let's start with you. You know, early in your paper you set out what I call a value proposition for China's engagement in Latin America and the Caribbean. And you say that for China, it's about securing energy resources, minerals and metals, food, input, and finding a way to expand markets for its manufacturing excess capacity. For students of China's engagement in Africa, this

is a very familiar value proposition. My question to you Ted is, is this value proposition given some of the turbulence that the relationship has experienced, still one that is valuable to -- to the Latin countries? And do they see increasing risks given the turbulence with this or has the COVID-19 crisis forced their hand and made China even more valuable to them? Finally Ted, what should the U.S. do in response to China's engagement in the Latin region? And will this provide the Latin countries with an opportunity to hedge or will they be forced to choose? Over to you, Ted.

MR. PICCONE: Thanks D.L. Those were a lot of questions, so I'll try to take them as a group and say the following. I mean I think it's been a learning experience for both sides because China started this relationship really with a pretty much blank slate. If you go back 20 years, there was very little on the table and China came with a lot to offer about 15-20 years ago, very high level engagement and it was part of a global strategy where they wanted to put Latin America as part of a broader strategy of global aspirations and gee, it wouldn't hurt to be present in the U.S. neighborhood, but also Latin America is rich in resources as you mentioned. That was very important for -- for China and China had a lot of excess supply of manufactured goods that it was looking for new markets. So it was very much a win/win relationship as it evolved in that first honeymoon period. But as you say, I mean, and as I looked at it over the time period, it has gotten a lot more complicated. And you're talking about a region by the way that's very heterogeneous. So I want to make sure we're clear about not generalizing. Each country is a bit different. But we are seeing some patterns in which there is a concern rising that China is in some cases overplaying its hand and it's spilling over into politics of certain Latin American countries. But at the end of the day the economic realities in Latin America are very difficult and getting much worse in light of COVID-19. The regional economic experts are seeing a 10 percent drop in GDP this year. COVID-19 has -- is raging through the region. It is now the number one global hot spot for the pandemic and we're going to see this, you know, millions more people dropping into poverty.

So the region needs China frankly more than ever in terms of how it's going to get out of this. And China was very quick to respond with humanitarian systems and made a show of it in terms of its public diplomacy. I mean this has been part of China's soft power diplomacy in the region throughout

this process. In addition to the economic relationship of trade and loans and investment, China has entered the arena with a lot of rhetorical devices, a lot of propaganda, but also these people-to-people exchanges that have reached across a broad spectrum including journalists, thinktanks, students, political parties, universities, language studies, etc.

So I think we're seeing how China is playing a pretty sophisticated game in trying to really bring Latin America into its corner and this has benefits for not only bilateral relations but also at the international level. You know, it wants to be able to rely on some Latin American states at the UN for example if there is some tough votes on swing matters. You also have to mention that there's the Taiwan-China competition here. You know, of the 14 states in the world that still recognize Taiwan, 9 of them are in Latin America and the Caribbean. And so there is a bit of a game going on there. So I'll pause there. I'm hoping you're going to ask me a question about the United States and what it will do, but I think that's my initial take on -- on your first set of questions.

MR. MCNEAL: Yes, thank you, Ted. I think we -- we should come back to discuss the U.S. response to China's engagement in Latin America. If we can hold that until the next round, I will come back because I think that's important to focus on. Tom, over to you.

You know, your papers provide a striking example of China's diplomatic missteps and missed opportunities in Europe. And you said, Tom, that in fact China bungled its Europe policy. There was a time that you say Europeans welcomed China's increasing engagement both regionally and globally, thinking that China was on its way to becoming a responsible stakeholder, but that narrative no longer exists or at least not as strong as it did at one time. So my question to you Tom is, what happened in Europe and what is Europe prepared to do and able to do, that's the key question, to push back on China's increasing assertiveness, and do you think that Europe is prepared to cooperate or coordinate more with the U.S. or is that dependent on who is elected President in November? Over to you, Tom.

MR. WRIGHT: Great, thanks. Great questions and it's a great pleasure to see everyone and to be here. My guess is that you know, it's definitely true that China bungled its diplomacy although I'm a little bit torn of whether or not it was inevitable we were going to end up in this place anyway.

Right? Because I think what you see if you look at Europe over the last say 8 years from about say 2013 and 2014 until -- or maybe 5 or 6 years until -- until today, where you are sort of in that 2014 period, is European countries are basically trying to compete with each other to be China's best friend in Europe, right? And they see this for different reasons, they see this sort of great economic opportunity and a chance to have investment and increased trade. They don't really go along with what they called was maybe an overly securitized U.S. approach under President Obama. You see the prime minister of the UK talk about the golden era in UK-China relations and just sort of go all into partnership with Beijing, reading and not reading the Dalai Lama, doing all sorts of things to try to accommodate the CCP. Angela Merkel is trying to position Germany as more of you know, China's key economic partner. So that's sort of the general climate.

That sort of premise and this belief that if you engage China, and I'm just talking about Europe now, not the United States, and that they will open up economically and if there will be some sort of more reciprocity and that you'll have sort of a fair relationship and there will be political ties and really you know all of that security stuff in East Asia, it's sort of irrelevant in the context of a EU-China relationship. The key moment I think was in 2015 when China with its sort of made in China 2025 strategy really doubled down on the (inaudible) and said it would take a dominant position, seek dominance in new technologies and in manufacturing. And the penny dropped in Europe really that there was not going to be any structural you know economic reform and then subsequently you have all these other things happening too, which really you know sort of show that China is a liberal, a Tartarian country that has lots of differences with the EU. Now, with all that said, the debate was still pretty much ongoing. As everyone knows of 5G and Huawei is playing a key role in most European countries for the 5G infrastructure. The U.S. is very upset, it didn't really make very much difference. Even the UK that had left the EU at that point and was very pro-U.S. was going full steam ahead with Huawei and its 5G networks and wasn't -- you know had a different technical assessment to the U.S. So all of that was sort of a lot, but I think it was trending in a more skeptical direction.

There was then COVID-19. I mean the first few weeks of that, there was a sense that the

U.S. is absent. China was coming back. There was a couple of statements, one from the Italian Foreign Minister and one from the Serbian President. It's not -- the prime minister is not in the EU obviously, but you know, it -- part of the uproar of the European community sort of praising China. And then we had this huge probability that maybe China is you know, is about to take advantage and China will take over Europe and Europe's going to move into China colony. That was all overstated, I think, massively overstated just in a couple of points stated. But that's what China really bungled, right? So China could have used this crisis to try to drive away between the U.S. and the EU and just say, "Look, you may have reservations by us, but actually you know, we're on your side in all of this". And instead, China's been pretty assertive. It's had very aggressive disinformation campaigns. It hasn't really played ball with the EU on vaccine diplomacy, neither has the U.S. of course, but China has not either. And there's been all sort of different instances with very aggressive ambassadors, problems over PPE equipment, China being seen to be sort of exploiting the situation. And then the broader set up challenges that were described earlier in terms of a, you know, Hong Kong and Xinjian. But I think Europe is now very much in a more skeptical place than it was even 12 months ago, let alone 5 years ago.

So just to finish up, I think just to your point about what will they do, the paper is really about how the Europeans think about U.S./China's security competition. You know, I think they're beginning to think about their strategic options. I think what we'll see is sort of moral pushback, but with one key difference in the U.S. will have almost nothing to do with military power. Right? So there's no real sort of military component to it, but that's actually fine because Europe doesn't have a huge man to add to that anyway in the context of East Asia. But what really matters I think to the U.S. is stronger investment control. It's more cooperation on trade and regulations and standards, fighting and pushing for liberal norms internationally and in international institutions.

The Europeans would like to work with the United States on all of those things including and responding to coercion, but they haven't really been able to do so with the Trump administration. It's only a few weeks ago that the U.S. finally agreed to a dialogue with EU and China. Right? The EU had been asking in different ways for something like that for several years and they've only just done so now

and obviously there's a big gulf between the two sides on a whole bunch of issues. I think there's unlikely to be much cooperation you know in the next sort of few months, but I think if Biden is elected, I think that will be a key priority of the incoming administration and it will be something Europeans will begin to engage in. Thank you.

MR. MCNEAL: Thanks, Tom. Jung, over to you. Your paper was great. You write that South Korea is the lynchpin of the U.S./China alliance architecture in Northeast Asia. But you also note that China's perception of South Korea is that it's the weak link and that somehow it could work to the title of your paper to loosen that lynchpin, but of course that -- that hasn't happened. You also note that the U.S./South Korea relationship under the Trump administration has experienced quite a bit of challenges, to say the least. My question to you Jung, is how will Seoul balance between its economic need and interest to remain somewhat dependent on China and Chinese investment markets and its security needs with respect to the U.S., and to the degree that we know this, how is Seoul's North Korea policy influencing its relationship with the big -- with the two big powers, Beijing and Washington? Jung?

MS. PAK: Thanks D.L. Just a quick correction, it's Jung, not June.

MR. MCNEAL: Yes, sorry.

MS. PAK: Thank you for moderating this conversation. You've been asking some really tough questions of the panelists and I really appreciate that you read the papers so closely. So thanks to all of you joining us on this webinar. I really appreciate it and really appreciate being on this panel with this group of scholars today. D.L. you mentioned that you know my paper was on how South Korea is the lynchpin, and for at least for 10 -- for the past 10 years the U.S. administration, various U.S. administrations have been calling South Korea the lynchpin of peace, prosperity, and security in the region. So what does that do? Is that it puts this bullseye on South Korea as a target and of course you know while Latin America and Europe might be awakening or if their views about China are evolving on this issue, South Korea sharing, being so close to China and having this really long thousand year old, thousands of years old history with China, it's not new to these regional dynamics as well as geopolitical dynamics. So South Korea is not new to this kind of conflict and cooperation. We're in this very long

complicated history with China. And of course the U.S., we're nearing this -- nearing 70 years of our alliance with South Korea, so while the U.S. sees South Korea as a -- one of the pillars of peace and security in the Indo-Pacific, China also sees -- China on the other hand sees the U.S. alliance with South Korea as -- as also as the reason for instability in the region, the reason -- Another example of how the U.S. is trying to contain China, why does the U.S. have troops on the Korean peninsula? It's not for North Korea from Beijing's view, but to contain China's rise as well as to stir up trouble that leads to belligerent North Korean actions.

So when we look at -- when I look at how China views South Korea, there are a variety of reasons in that you know, at the macro level Beijing longs to be that anchor in the region, wants to shape the region and to be more open to supportive of China's priorities and preferences, and also to erode the U.S. commitment or erode the U.S. credibility and presence in the region. And when we break it down a little bit further, you -- the drivers for China's focus on South Korea is one, economics as well as the proximity, the desire to build -- the bilateral relationship is grounded in economic cooperation as both countries try to build up their economies in the 1990s. Secondly, it's to make sure that Beijing has the influence on the Korean peninsula given its proximity. Beijing sees Korea as the launch pad for many conflicts and they have pointed to past wars and military conflicts in the region. Three, is to counter Japan. Beijing sees Japan as the -- as the stronger relatively speaking of the partner in the U.S. Alliance Network in East Asia and Japan has been much more willing to sign on to the U.S. Indo-Pacific and to voice more criticism of Beijing on various issues.

Finally, I get to what you -- what your question pointed at, is that despite all of this, Beijing sees South Korea as the weakest link in the U.S. Alliance Network in that -- that Beijing, the Chinese leaders perceive South Korea as being more influential, relatively weaker in terms of the U.S. alliance system, and that South Korea has for lack of a better word, adhered to China's demand when they've asked for it. So I think what -- what -- the way that South Korea has been trying to counter or to trying -- South Korea has had this dilemma for a long time of the economic linkages to Beijing, China by far is South Korea's biggest trading partner. They trade the most -- they have the most -- China sends the

most tourists and the most students to South Korea. The U.S. and other countries fail in comparison, so there is that huge economic linkage there.

The other part of South Korea's dilemma is of the security issues and South Korea sees the security as national security bound in the -- with the United States. And so the way that Seoul has been trying to work through this dilemma is to try to compartmentalize and to separate. But what I think what we've seen in the past 3 years with the missile defense issue, of course China engaged in an informal economic retaliation against South Korea or deploying the U.S. missile defenses to protect against North Korean provocations. In doing this economic boycott of course, Beijing has really sank the South Korean public's perception of China. The favorability rating or the popularity of China in the South Korean public according to the polls, it's at a low. It barely hit over 10 percent. But you know, I think what that has shown is that the -- as the U.S. and China's strategic competition intensifies, broadens, and deepens, and as we see Chinese leaders more willing to risk confrontation with the United States, I think that we're going to see more pressure on South Korea from China to try to bend to China's preferences.

And you know, in a way, also what I would add that, it's -- it's a problem for Beijing and for us I think when we look at South Korea and other parts of the region through the lens of the strategic competition. I think what that does is that all of South Korea's actions are refracted through that lens and that it turns into a zero sum game, when in fact I think when you dig deeper there are lots of -- there are bribers and motivators of South Korea's actions that are independent of this competition. I think it would behoove us, the United States, whether it's Trump, a 2.0, or Biden administration, to recognize the varieties of what the motivation, what motivates South Korea.

On the North Korea front, North Korea is the holy grail according to Scott Snyder of Council on Foreign Relations, is the -- in terms of the way South Korea conducts foreign policy, South Korea sees a partnership in cooperation with China as key to better inter-Korean ties and to try to loosen this kind of -- or to wean North Korea away from its nuclear weapon. But South Korea also sees the U.S. as a critical partner in the North Korea issue as well and so that -- that supersedes all of these issues and supplements South Korea's foreign policy drivers. So let me stop there, D.L.

MR. MCNEAL: Yes, thank you, Jung. And let me apologize again with the first name like Dewardric, I'm very sensitive to the pronunciation of people's names, but thank you very much. Natasha, let's -- let's turn to you and I know it's late where you are, so I appreciate you hanging in with us. You know, your paper highlights just how quickly the promises of comprehensive strategic partnership with Beijing can break down if you do something that challenges Beijing's interests. But your paper also reflects that Australia at one point thought that deepening its economic dependence and integration with China would shield it from the sort of economic coercion that other countries have experienced. And of course, that has not borne itself out. In fact, as we know, China and Australia have been in a very nasty sort of a back and forth and in fact, the Australians quite to the surprise of Beijing, has not backed down as Beijing has continued to pressure Australia.

Natasha, my question to you is, what happened? How did this spiral out of control so quickly when we had Xi visiting Australia in November 2014 speaking to parliament about this great new relationship and all of the sudden now things are extremely nasty? What happened? And the other question I have for you is what -- what does this mean for other countries in the region, particularly Oceania and the South Pacific islands, which as you know has become increasingly strategically important in the U.S./China competition? Natasha?

MS. KASSAM: Thank you so much for the question, D.L. and thank you to Brookings for seeing me this evening, morning for most of you all. It's really a pleasure to be on this panel and I've already learned a lot from the other panelists so thank you for that.

Yes, what happened is the question I try to answer in this paper. As you say, only 6 years ago Australia and China were posting statements that since thinking about each other with the greatest of attitude, and now it feels like internationally there's a new news story every day about the decline of Australia/China relations. So a lot of things happened, but I think to characterize this we would say that as China became increasingly assertive as has been described by others on the panel tonight, rather than comply and back down, Australia also became increasingly assertive and these two trajectories have really come into sharp focus.

It is important to point out that despite this very rapid decline in the bilateral relationship, which I would say started in around 2017, the relationship on which the Australia/China relationship was founded continues to grow and continues to be very strong. So over that period, we've actually seen 20 to 30 percent (inaudible) two-way trade which is hard to imagine. And even with recent coercive measures that have been taken against Australia, they haven't actually yet affected two-way trade in a significant way. One of those measures was to warn tourists and students from coming to Australia and (inaudible) at the moment. So you know, things like that can have a practical impact right at this moment.

But what did happen is that China started to show its hand a little bit and where this relationship was built on economic prosperity and these very close ties. It started to stray very much into the security space. Australia made a number of decisions including excluding Huawei from its 5G network. It did that before most countries in the world including the United States. It legislated against foreign interference. It started to speak out a little more vocally on a number of different issues and I think that this was quite surprising for Beijing because until then, Australia had been almost an outlier in terms of sentiment towards China, whereas many western liberal democracies have been souring on China in public perception and perhaps at the political level for maybe close to a decade. That hadn't happened in Australia and I think there's quite a few reasons for that. Australia has a much closer economic relationship than most countries, you know 30 to 40 percent of our trade goes to China is much higher than comparable economies. But also the relationship was quite a different one in that there's very little competition in the Australia/China economic relationship.

So whereas for example, Europe with the United States competing or having intellectual property stolen and struggling with joint ventures, Australia has a very few boots on the ground in China in terms of businesses. We sell them things. We don't have to deal with the same kind of issues that other countries have been. And so I think in Australia they thought they could ride that for a very long time and not run into difficulty, but as China started to encroach more on issues that hamper sort of on sovereignty, they started to react more strongly. And it's been really interesting to see the way the Australian government in the last two years has very much gone from walking on eggshells about what

China would consider to be sensitive issues to shouting from the rooftop.

MR. MCNEAL: Thank you for that assessment. I think we would like to do, if we can, just a quick lightening round before we open this up to audience questions. Ted, I want to come back to you because I think you raised an interesting point in your -- in your opening. One, that Latin America and the Caribbean acquired the first group of countries, so things will not necessarily be one with respect to China. So I don't want to draw you out a little bit on that and ask who are the natural sort of constituencies in Latin America for greater Chinese engagement? Is it the Latin American elites and business community versus the Latin American citizens who may be less well off? And then of course certainly what should the U.S. do about China's increasing engagement in Latin America and do you see room for a lot to hedge against China and the U.S.? Ted for a quick round?

MR. PICCONE: Sure. In Latin America it's pretty heterogeneous in terms of where it fits even among elites in different countries. So in a country like Chile, for example, it's pretty a unified position because everyone's benefitting from robust trade between Chile and China and so it's a right/left pretty unified position. Whereas in Brazil, there are strong industrial and manufacturing sectors in Brazil that are very unhappy with the flood of cheap Chinese imports into China because the Chinese are not opening their markets to Brazilian goods going into China. So it's very unfair and there has been a turn in the President Bolsonaro toward the United States, which is unusual actually, and very much against China, but that is even within the cabinet, a contentious issue and a more nuance. I recommend people to read Harolton Crumasis' (phonetic) paper in this series that dives deeper into that Brazil/China relationship because it's actually quite complex.

In terms of the U.S. situation, you know, I think we've seen over the years since the end of the Cold War in the U.S. a fairly balanced approach toward Latin America trying to get out of the past patterns of interventionism and trigeminy. But Trump has really taken us back to this old style even Monroe doctrine approach, very kind of hard sanctions, and a lot of attacks on socialism. And a lot of this is about winning votes in Florida, frankly. China, I think will come into that debate in that context. China has not emerged as a major sticking point and I don't think in terms of U.S./Latin American politics. And I

don't think it will be a big issue for Biden's campaign either because there's enough at stake in U.S./Latin American relations on its own rite that bringing China into the conversation doesn't really make a huge difference. U.S. has enough concerns about collapsing economies, migration pressures, what's happening in Venezuela, the COVID-19 and we have our own interests in trying to be more balanced and I think more generous in our approach to Latin America.

Understanding that Latin America is not going to abandon or walk away from China, it needs China and we should not go head to head against China and force them into a 'us or them' kind of approach. I don't think that is going to work. We're going to have to find a way of doing both and allowing the Latins to have beneficial relations with China while at the same time being a much more generous partner across the board with our Latin American neighbors. And I think that would be a more winning formula.

MR. MCNEAL: Thank you, Ted. Tom, let's stick with this theme. I think it's important for us to note as well that Europe is a collection of member states of EU, at least 27, and as far as China is concerned, they have always focused on Germany and Angela Merkel is sort of their engagement rock. But what will China do when Ms. Merkel is gone? Where would they -- where are they looking to sort of focus their push to continue to engage Europe? Tom?

MR. WRIGHT: Yes, well, you know, Mer -- I mean it's partly to do with Merkel but it's mainly because Germany you know has sort of a very poor economic relationship particularly in the auto side in its auto industry with China. So I think you'll see that dynamic there. I don't think Merkel is sort of pro-China or sort of blind to what's happening. I think she does believe that -- she's very worried about a Cold War between the United States and China. She's zero sympathy for you know support for -- for the Trump administration's approach and kind of -- and has a particular view of the President as he dislikes so viscerally. So I think she sees him as very volatile, doesn't really want to feed into that narrative that he's been propagating. My criticism of her is I do think she might be a little bit reticent to undertake some of the measures necessary to deter or dissuade China from future actions. So she will criticize China over human rights, but she won't necessarily support you know targeted you know sanctions like

(inaudible) sanctions or other sort of measures by the EU that may impose a cost. She's worried about that spiral.

So I think that's a question -- she may step down sometime late next year. It's unclear I think where -- where it goes from there. I think that's one big question mark. I do think that China would try to continue to engage countries bilaterally and would not want to see a unified EU position, but that's where this is headed because I think the EU member states know from bitter experience that if they stand on their own that they're vulnerable to coercion or to bullying by Beijing over a wide range of economic and political issues and it's not just on the trade side. It's also on freedom of speech, you know whether your citizens or companies or organizations have the right to speak out about what is happening maybe in Xinjiang and what I fear of economic reprisal against countries as a whole.

I did want to pick up one point, sort of Ted made, because I do have a slightly different sort of view, not too different, but it might just be more upraising on this sort of 'don't make us choose point' which I think you hear a lot and you hear that in Europe as well and also in Asia. I think it's important -- there are times I think when the U.S. should demand or certainly repress that allies make a choice, but I think we need to be very particular and selective about when you do that. Right? So I think if you look recently, I find it hard to imagine the UK would reverse their 5G decision if it were not for a significant pressure from the United States, right? There were voices within the UK that were very skeptical and particularly in the conservative party on the back benches that were uniting rebellion. And so there was -- there were concerns separate to America. But I do think it was the U.S. saying this is sort of a dealbreaker here and if you go down this road, there will be dependencies that will affect the relationship over time.

MR. MCNEAL: Thank you. For the wrap-up of this round and we'll turn to some questions from the audience, but Natasha, I would like to get your take on this theme of China and engaging China in domestic politics. Australia is really ripe with examples of the Chinese allegedly reaching right into Australian domestic politics and trying to sway or influence votes and policies. Has this been something that has really changed the Australian public opinion about China as direct engagement

in domestic politics and how does that break down in terms of the constituencies? Who has China largely targeted as someone that they thought was friendly to Beijing's interests?

MS. KASSAM: Yes, you're absolutely right. This has been such a significant issue in Australia where we've had politicians that have been forced to resign from our senate for example after allegations that they had been receiving donations or even warning Chinese businesspeople that they might be under surveillance by the Australian government. All of this started in around 2017 to come to light. And public opinion has really dramatically shifted in that time. We've seen trust in China halve in the last two years. So it's gone from 50 percent of the country trusting China to only 23 percent. We can see confidence in Jinping has also halved in that period, less than a quarter of Australia express confidence in President Xi.

To see trends shift in this way that dramatically in such a short time, it really is very unusual. And I think it's made even more unusual by the fact that as I mentioned earlier, in many ways Australia was an outlier in terms of views of China and public sentiment was very different. Australians remained very positive towards China when many likeminded countries had already started to shift in the direction that we are now.

So that's been the least significant, foreign interference has clearly been a bit part of that. But actually, the relationship between Australia and China today is now you know, it's a front page news story every day in the way that it wasn't even just a year ago when we had a federal election.

MR. MCNEAL: Thank you. Let's try and get in the time remaining to some of the audience questions and again, I want to thank the panel for such a great insight. I have a question here that came in that I think is something that's on everyone's mind given the topic of discussion today. Let's start with you, Tom, on this. The question is why do you think it has taken so long for the leading liberal democratic countries to notice China's blatant strategy under Xi Jinping, and I'm assuming by this the question means the use of economic state craft to lure countries in. And their question is, do you think that the recent acknowledgment of this strategy will change how countries engage China? We've been talking a little bit about that, but what -- what took so long, Tom?

MR. WRIGHT: Well, I'm not sure it did take that long. I mean, I would like to have seen it sooner, you know, and I've been writing about that for some time, but I think it -- you know it's been a fairly rapid change actually over the last 4 years and I think it's correlated to Xi Jinping's behavior by itself, the more assertive he's been, the more starting in the economic sphere but then expanding in other areas, the more the rest of the world has changed. And just in Europe the change has been very dramatic and I think in the U.S. the change has been pretty dramatic. I think there are different ways of interpreting that, you know. I don't think the administration is going about it particularly well in terms of how they are responding because I think they need to work with allies, but there are a lot of different approaches which are also more competitive toward China that maybe would not have been the case 7 or 8 years ago. So I think that I do see the changes as fairly timely.

MR. MCNEAL: We have a couple of questions along the lines of who China is looking to either pressure or influence in the Indo-Pacific. I'll turn to Jung and to Natasha. This particular question asks about China's efforts to influence or pressure Taiwan and what countries in the region are prepared to do to either assist or to isolate Taiwan's diplomatic space. I think it's an important question particularly Natasha for what is happening in the South Pacific, which like Ted's Latin America region, is the other place where Taiwan has remained diplomatic allies. Natasha?

MS. KASSAM: You're absolutely right. Just last year we've had two South Pacific countries switch their diplomatic recognition from Taiwan to Beijing and you know, Beijing has put many other countries under pressure by offering loans, offering all sorts of things that we've seen that Ted's also talked about. Now that can be done about this is a really good question and a difficult one. I think partly as the close of Taiwan's model response to COVID-19, it has earned a lot more international recognition over the last few months than it had in the past.

MR. MCNEAL: Thank you. Jung, do you have any thoughts on this particular question?

MS. PAK: Similarly, I want to shift a little bit to Hong Kong and I think this goes back to what Ted was saying about China's more aggressiveness in multilateral organizations. I think there's a negative feedback group where Taiwan or Hong Kong is not -- they're not a national interest of South

Korea and so South Korea's desire to maintain that balance and not start a fire either -- in either case with the U.S. or China, they're not going to raise their hand and be vociferous about various issues like Hong Kong, for example.

MR. MCNEAL: Thank you. We have a question here that I think is important. The question or reference is Secretary Pompeo's speech at the Nixon Library, and they quote, "Maybe it's time for a new grouping of like-minded nations", a new alliance of democracies. Tom, we know that we've heard some stuff out of Europe, out of the UK actually, on a D10 and other types of groupings and arrangements. My question to you is, is this all talk or is there really an interest in trying to group countries in a way to challenge China's behavior?

MR. WRIGHT: Yes, I mean I wrote a bit about this over the weekend. I'm worried that basically that speech by Pompeo is going to discredit that idea, which I think is a good idea. I think he came to it very late and in a pretty ridiculous way to be honest, but he sort of told countries you know this is all about sort of an ideological Cold War against China in which there's no room for cooperation or dialogue.

MR. MCNEAL: Thank you. Ted, I have a question here that I want to pose to you. The question basically talks about the U.S. and China adjusting to each other's actions with counter measures or alternative strategies and approaches. Your paper mentions Ted, that China has found it at least a possibility that they can end around U.S. sanctions if you will, by investing in and setting up factories of production in Latin America and taking advantage of a revamped NAFTA or USMCA. Are you seeing a lot of that happened in Latin America, Ted?

MR. PICCONE: I think it's too early to say at this point because the U.S./China trade war is only now beginning to take effect. You know, I think what China's doing in Latin America is building up an infrastructure in terms of railways and ports that will be very important for the flow of goods out of Latin America to China and into its own supply lines that will also by the way be critical infrastructure for both sides and could squeeze the United States out of important not only markets, but out of important security zones if it came to that. I'm not saying it would, but I think it's noteworthy if it really push came to shove in

this environment. We don't see any military action that is of concern at this point, but I would just note that. For example, China's gotten much more economically involved to the point in creating a strategic partnership with Panama and the Panama Canal is now much more China involved than it ever used to be. But I have to say one minute on this last question, alliance to democracies.

I mean the only point, and this is not meant to be a partisan point. If you look at the backsliding on democracy over the last 3 or 4 years of the United States, I don't think this is a good time for the United States to be leading the world on democratic standards.

MR. MCNEAL: Thank you, Ted. Thank you to all of our panelists, Tom, Jung and Natasha. We are out of time and I'm sorry that we couldn't get to all of the great questions that our audience posed, but we tried to do an amalgamation of several types of questions, so I thank you. To Brookings also for allowing me to moderate such a great panel, it's been a real pleasure and please take a look at some of these great papers in this latest batch. I enjoyed reading them all. Thank you very much.

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