

What Road Ahead? Prospects for the Future of China-US Relations

Shanghai, China
June 8-10, 2000

Workshop Report
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Report Summary

The “What Road Ahead? Prospects for the Future of China-US Relations” Workshop convened 20 key United States and Chinese analysts from government, civil society, and business to generate ten-year scenarios about the future of Sino-US relations. The workshop, held June 8-10, 2000 in Shanghai, China, had four key objectives: 1) rethink our assumptions and challenge perceptions of US-China relations; 2) explore driving forces and generate scenarios; 3) generate a research agenda; 4) begin to articulate a foundation for common approaches to multilateral cooperation (see *Introduction to the Project* on pg. 3).

The meeting began with participants introducing themselves and presenting an artefact that best describes China – US relations. Items included: Jell-O (representing the complex and mercurial nature of US-China relations), McDonald’s packaging and Colgate toothpaste (representing China-US economic interdependencies), and a telephone line (representing both the tightrope to be walked and connection to be made between the China mainland and Taiwan). (See *Appendix III* for full listing). Following, the meeting’s facilitator, Alain Wouters from Global Business Network-Europe, introduced the plans for the workshop and gave an introduction to scenario methodologies.

As the first step in developing scenarios, workshop participants engaged in a lively discussion in which they identified their “greatest hopes” and “greatest fears” about the future of China-US relations. The purpose of this exercise is to begin identifying the “gut level” perceptions of US-China relations from participants. Hopes ranged from a peaceful resolution to the “Taiwan problem,” growing civil society in China, sustainable Chinese economic growth, greater cooperation in environmental affairs. Fears focused on military conflict over Taiwan, unsustainable economic growth in both the US and China, and growing conflict over human rights (see *Hopes and Fears* on pg. 6).

The participants then went into break-out groups to identify the key structural components of US-China relations. Participants identified the key issues (in the context of economic, political, social, technology, ecological events) within the future of the relationship. Next they identified potential interdependencies between issues, and identified the key dilemmas of US-China relations (see *Exploring China-US Relations* on pg. 7). The next day participants then worked to identify the driving forces that they felt would influence the future of US-China relations. These forces were then clustered into 22 main groups/forces (see *Driving Forces* pg. 16). These driving forces were further refined into predetermined elements, critical uncertainties (see *Predetermined Elements / Critical Uncertainties* pg. 17). Lastly, the “polarities” of uncertainty of these forces, i.e. the different ways in which they may develop, were described (again see pg. 17)

These forces were then used to develop a structure for possible scenarios for the participants to develop: two primary dimensions were selected for the structure (Level of Economic Growth in China and US Perceptions of China) and the other forces were used to fill-into each scenario (see *Scenario Framework* pg. 20). The groups then worked in teams to develop four scenarios, which they named: *New Cold War*, *The New Era*, *Crossing the river by feeling the stones*, and *Friends in Need*. Participants then reported back to the group (see *Scenarios Stories* pg.21).

The last session focused on participant feedback (see *Learning Points* pg. 24); discussing strategic implications elicited from the scenarios; and charting next steps for the project (research agenda, etc.) (see *Next Steps* pg. 25).

The workshop was a joint effort between the Nautilus Institute for Security and Sustainable Development and the Center for American Studies at Fudan University; and co-hosted by the US China Energy and Environment Technology Center at Tsinghua University, and the South-North Institute for Sustainable Development. The workshop, the first stage in an ongoing scenario-driven US-China relations project, is supported by the Ford Foundation, Rockefeller Brothers Fund, and W. Alton Jones Foundation. The Global Business Network - Europe (GBN), facilitated the workshop. GBN is widely recognized for its path-breaking role in the use of scenarios to help organizations develop strategic thinking and planning.

I. Introduction to the Project

Relations between the United States and China, more than any other bilateral relationship, will shape international affairs in the twenty-first century. Yet the future of China-US relations is uncertain. In addition to dynamic changes within both nations, rapid global economic, political, and environmental transformations are creating new avenues for both cooperation and confrontation. By any measure, the nature of China-US relations - whether it is based on conflict or cooperation - will largely define regional and global governance issues for the next twenty years. The policy decisions made today and tomorrow based on early perceptions of this emerging strategic partnership will have profound impacts in the years to come.

Such a moment demands - and provides an opportunity for - fresh thinking and new conceptual frameworks. It requires deep, sustained and well-informed strategic thought about a range of possible futures. Decisionmakers and experts from both countries will need to reconsider old assumptions and develop new tools to understand and manage rapid change and new interdependencies across issue areas (energy, environment, economy, security). Most important, analysts from both China and the US need to develop new ways of thinking and strategizing *together* in a variety of changed circumstances.

This project, "What Road Ahead? The Future of China-US Relations," will bring together key thinkers from the US and China in two 3 day scenario workshops. Each workshop will include 20 participants (roughly 10 from each country) from a variety of issue areas who will work together to develop four ten-year scenarios about the future of China-US relations under different economic, environmental, and political assumptions; and who will consider the strategic implications and potential policy responses and initiatives in each scenario.

At the heart of the project is the urgent need – and unique opportunity – the rapidly evolving China-US relationship is creating for analysts and policymakers from both sides to re-conceptualize the "big picture," reformulate strategies and develop a new sense of direction for the next decade. The overarching aim of the *Scenarios Project* is to explore emerging issues, think collaboratively about the future, and introduce participants to scenario methodologies. The first workshop will take place in Shanghai June 8-10 of 2000, with the second scheduled for October 2000.

The meetings will be facilitated by the Global Business Network (GBN). GBN is widely recognized for its path-breaking role in the use of scenarios to help organizations develop strategic thinking and planning. They have worked both with individual organizations, including private and public sector institutions, as well as multi-stakeholder groups. Recently, GBN engaged in an intensive process with the Nautilus Institute and experts from throughout North and South East Asia to produce a set of scenarios about the future of the Asia-Pacific.

The project is a joint effort between the Nautilus Institute for Security and Sustainable Development and the Center for American Studies at Fudan University; and co-hosted by the US China Energy and Environment Technology Center at Tsinghua University, and the South-North Institute for Sustainable Development. The project is supported by the Ford Foundation and the Rockefeller Brothers Fund, W. Alton Jones Foundation, and the US Department of Energy.

II. Workshop Overview and Agenda

This section will give a brief overview of scenario methodologies, the workshop objectives, and the agenda.

As noted above the “What Road Ahead?” workshop was a scenario-based exercise. But what are scenarios? Scenario methodologies provide a means to generate thought, think creatively, challenge participant’s assumptions, and provide an effective framework for dialogue among a diverse group of stakeholders. In a word, scenarios are tools. Scenarios are tools to examine a number of different - highly probable - futures to better understand the driving forces of today, and develop the means to work towards preferred futures.

Why use scenarios to examine the future of US-China relations? Specifically, scenarios have several characteristics that make them very powerful for shaping foreign policy:

Scenarios are decision focused. Successful scenarios begin and end with clarifying the decisions and actions the participants must make if they are to successfully deal with an uncertain future. One common misconception of scenarios is that they are prescient, path dependent predictions of the future. On the contrary, scenarios are used to order our thoughts amid uncertainty, build common ground among differing perspectives, and think rationally about our options - but they should never divert attention away from the decision itself.

Scenarios are imaginative. As scenarios are about an unpredictable future, they require us to suspend belief for a moment. This allows, even encourages, participants to think more audaciously, to challenge their assumptions, create new contexts for existing decisions, and seek out new and creative ways to tackle decisions. At their core, scenarios are about learning. In examining a decision within the context of a number of different futures, scenarios impel us to reconsider our assumptions, challenge conventional wisdom, and think creatively about options. Scenarios force analysts who are paid to say, “I know” to take the necessary step of realizing that “I don’t know.” Hubris forever stands in the way of informed and imaginative thought.

Scenarios are logical. The scenario process is also logical, formal, and disciplined in its use of information and analysis. The creativity and imagination inspired by scenarios can only be as effective as it is based in sound reality. The process requires participants to challenge each other’s thoughts, perceptions, and mind-sets. Scenarios provide a crucible to challenge our own ideas within a simulated future. Lastly, scenario methodologies provide a common language for participants to communicate complex events and decisions (during and after the scenario exercise).

As outlined above, the overarching objectives of the “What Road Ahead?” workshop were to: 1) rethink the assumptions and challenge perceptions of US-China relations; 2) explore driving forces; 3) generate a research agenda; 4) begin to articulate a foundation for common approaches to multilateral cooperation. By all accounts, this workshop met each of these goals. The scenario methodology catalyzed participants to think rationally about their options, build common ground among different perspectives, and plan for a future strategic partnership between the United States and China.

Workshop Agenda

Wednesday 6/07/2000

19.00 Welcome & Introduction to the project
20.00 Dinner

13.00 Lunch

14.00 *Plenary feedback*

- Scenarios framework
- Events & story telling
- Scenarios development

Thursday 6/08/2000

8.30 *Introduction*

- Objectives & Agenda
- Introduction to scenarios
- Current Reality

13.00 Lunch

14.00 *Aspects of China-US Relations*

- Deepening work (cont'd)
- Plenary feedback
- Deepening work (cont'd)

18.15 END

19:00 Dinner

Friday 6/09/2000

8.30 *Focal issue & time horizon*

- Driving forces
- Predetermined elements & uncertainties
- Plenary feedback
- Key uncertainties

18.00 END

19:00 Dinner

Saturday 6/10/2000

8.30 *Scenarios development (cont'd)*

- Plenary feedback
- Scenarios elaboration
- Plenary feedback

13.0 Lunch

14.00 *Research agenda*

- Action plan
- Review progress
- Planning next workshop

17.00 END

19:00 Dinner

III. Hopes and Fears

Participants were asked to present at least one “hope” and one “fear” for the future of US-China relations. These hopes and fears were then clustered into 13 different themes found below.

Hopes

Non-Governmental Networking (civil diplomacy)
Cooperation for Mutual Sustainable Development
Confidence building in environmental cooperation
Stable and trusting relations
Peaceful resolution of Taiwan issue
US Stops selling arms to Taiwan
Civil Society Change in China
Successful Economic Growth of China

Fears

War over Taiwan
Conflict over Human Rights Issues
Unsustainable Economic Growth (US & China)
US Isolationism
Hostile Strategic Rivalry

IV. Exploring China-US Relations (Key Issues / Dilemmas)

To begin examining the structural driving forces behind US-China relations, participants were divided into three break-out groups and asked to consider and present: 1) the key characteristics of China-US relations; 2) possible interdependencies between the issues; 3) and lastly, key dilemmas in US-China relations. The purpose of this exercise is to begin “fleshing-out” the constellation of key environmental forces acting upon the future of China-US relations. (Note: not all groups completed each task.)

Group 1

Political Characteristics

US Congress anti-China sentiment	Lack of jobs policy in the US	Political succession in China/US
US isolationism	“China threat”: Debate over containment / US engagement	Leaders’ summitry
Corruption in both US and China	Decentralization in China	Freer press in China
Unilateralism	Role of state in China – debate over democratization	Migration (<i>Hua-qiao</i> (brain-drain) to US, and to China)

Economic Characteristics

Big trade deficit for US with China	Lack of intellectual property protection in China	China’s accession to WTO
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Concern about labor standards	China is important site for FDI	Rules of world economy
Strong restrictions on technology trade		

Food Security / Agriculture Characteristics

Oversupply	Displacement of farmers – WTO debate	China increased importer of food
GMOs (Genetically Modified Organisms)		

Energy Characteristics

Nuclear plants – cooperation	Technology trade	Central Asia oil/gas pipelines
Oil imports in China and US	Heavy coal dependence in China; Environmental greenhouse	Americans as “energy guzzlers”

Renewable energy cooperation	Oil exploration in South China Sea	
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Human Rights Characteristics

Very (most) important aspect of US-China scenarios	Inequality in US	Labor standards
Religious persecution/freedom	Tibet, Xinjiang	Racial discrimination in US
One child policy/population in China	Prison labor	Capital punishment in US and China

Environment Characteristics

Good govt-govt info-exchange (except climate change)	Stalemate on climate change diplomacy	Population growth in China
Nuclear power safety	Three Gorges	Trans-Pacific pollution
Lack of support by US for tech transfer to China	Marine pollution	Water – most serious issue
Pollution in China and regionally	US-lagging in environmental aid to China	Increase in environmental awareness in China

Security Characteristics

China arms transfer	US arms to Taiwan	TMD-NMD
South China Sea	Korea – source of instability	India/South Asia
CBMS	International law	Russia regional balance of power military modernization
Espionage	Economic military ties (Military industrial complex)	Strategic arsenals (# of NWS, proliferation)
US-JPN alliance		

Interdependencies (Group 1)

Labor rights – economics – WTO ascension – human rights – labor rights

Dilemmas (Group 1)

US

Strong trade relations with china – while pressuring on human rights (what tools to use? Will engagement work?)

Group Two

Key Characteristics

Trade – economics, balance/imbalance, Implementation of trade rules; barriers, type (capital vs. labor intensive), WTO (environmental standards, labor standards – social issues)

Taiwan – US arms sales to Taiwan, Taiwan relations act US military involvement in Taiwan, non-viable “One China” policy, status of US contact w/Taiwan.

Human Rights and ideological political differences – resolve one and the other will be resolved.

Environmental investment and appropriate technology transfer – more investment/tech = better environmental performance

Investment and technology transfer – Chinese dependence, copyright rules, aid support for tech transfer, corporate conduct as part of investment criteria

Ideological and political differences – ranges of opinion in US, difference in

Arms Control – proliferation sanctions for arms sales, TMD NMD proposals; dual use technology, international treaties and adherence

Environment – CO₂, SO₂ emissions and control transboundary, air, and water pollution, different emissions Standards and control

Trade and international geopolitical strategic issues – as trade issues are resolved, strategic issues more easily resolved. As economies become integrated, strategic interdependence increases.

Social/Cultural influences – lifestyle, food styles merging, cultural inputs from other cultures, internet

Educational Exchanges – Chinese to US schools, school relationship, US professors working in China, limited sphere of exchange

Human Rights – US perceptions of HR in China, religious freedom (Falun Gong), political rights, labor rights, different HR criteria, Chinese emphasis on econ and social needs rather than individual rights, sovereignty/international norms

Social Ties – immigrant Chinese community in US, tourism (to US and China), inequality of access; interdependencies

Information flows and social/cultural ties – better information = better ties, less/worse information weakens ties.

International Strategic Issues (hegemony), role of UN, multilateral forces, G8 and China’s entry, NATO’s Role, US role as “peacekeeper”

Information flows / media influence – freer press in china, more complete info in US, internet control and access.

political systems (1 party, socialist background) “rule of law” in China
“Rule by Law”

Dilemmas (Group 2)

US

Trade/consumption/production patterns modeled conflict with desire to promote environmental protection and political stability

Dilemma between trade and technology transfer and maintaining security – not providing “dual use” technologies.

China

Taiwan: China’s historical claims on Taiwan conflict with international costs of preventing Taiwan’s autonomy.

Dilemma between increasing economic ties and risks to ideological and political stability that accompany increased interdependence and information flows.

Key Issues (Group 3)

- Relative economic growth and security
- Domestic politics and broader relationship
- Economic growth and social stability
- Environment

Dilemmas (Group 3)

China

Cooperate with US and reject US hegemony
Economic openness and political status quo

V. Learning Points (Day One)

At the conclusion of day one each group presented the following “learning points” (things they’ve learned, thoughts, observations, etc.).

- Increasing number of issues over time (between the two countries).
- Wide range of issues
- Divergent Perceptions / Interconnections
- Perception that there is a difference between government concerns and popular (NGO) concerns.
- Depth of feeling for Taiwan issue (US)
- People from different disciplines have markedly different “hopes” and “fears” underscoring dialogue.
- Surprise that there is less resentment to US
- Chinese people know more of the US and Americans know less of China (avg. citizen).

VI. Driving Forces

To begin developing scenario logics, participants were asked to identify the key driving forces that they felt would affect US-China relations in the next ten years.

- World order/system
- Energy and environmental developments
- The future of Taiwan
- Regional relations
- Bilateral economic interdependence
- Interpersonal exchange
- Domestic political economics
- Domestic politics
- US missile defense
- China arms control policy military modernization
- Mutual perceptions by leaders and the public.
- Domestic political economics

VII. Predetermined Elements / Critical Uncertainties

Next, participants further refined the driving forces of US-China relations by: 1) determining what driving forces are actually predetermined; 2) identifying issues with a high degree of uncertainty yet with a high importance to the future of US-China relations; 3) lastly, participants identified the “*critical uncertainties*,” or issues with a high degree of uncertainty yet with a high potential impact to the future of US-China relations. The “*polarities*” of uncertainty of these forces, i.e. the different ways in which they may develop, are noted below each item.

Group One

Predetermined Elements

- ◆ Energy and environmental development
- ◆ Globalization
- ◆ Taiwan
- ◆ Bilateral economic interdependence
- ◆ Interpersonal exchange
- ◆ US missile defense
- ◆ Perceptions
- ◆ China arms control policy
- ◆ Military modernization


Uncertainties

- ◆ World order/system
- ◆ Taiwan
- ◆ Regional relations
- ◆ Bilateral economic interdependence
- ◆ US missile defense

Critical Uncertainties

- ◆ Taiwan’s internal political developments
(declare independence – accord/negotiation)
- ◆ Chinese domestic politics
(chaos – stable s unsuccessful reform)
- ◆ Chinese political economy
(crisis and decline - high growth & reform, openness)
- ◆ Missile defense impact on US-China relations
(China increasingly hard-line – bilateral agreement)
- ◆ US perceptions of China
(engagement – containment)

Polarities



Group Two

Predetermined Elements

- ◆ World order/system
- ◆ Taiwan
- ◆ Bilateral economic interrelationship

- ◆ Greater environmental degradation in China and in the US
- ◆ Russia's weak role

Uncertainties

- ◆ Actual configuration of TMD
- ◆ Relative weight of hawks/hardliners
- ◆ Role of ASEAN
- ◆ Character of global economic governance
- ◆ Pace of democratization

Critical Uncertainties

- ◆ Rate of economic growth in China
- ◆ Pace of democratization in China
- ◆ Politics of trade deficit/isolationism in U.S.
- ◆ Relative political weight of hawks/hardliners
- ◆ Character of global governance

Group Three

Predetermined Elements

- ◆ US dominance in world affairs
- ◆ China's rising influence in world affairs
- ◆ Globalization
- ◆ Military modernization in each country.
- ◆ Interdependence
- ◆ Environmental change.

Uncertainties

- ◆ Outcome of Taiwan issue
- ◆ Pace of democratization in China
- ◆ Perception of each other and consequent policies
- ◆ Regional economic, political, military relations
- ◆ Economic growth rates in each country

Group Four

Predetermined Elements

- ◆ Pace of global climate change
- ◆ Sino-US economic interdependence will increase
- ◆ Chinas and US as signatories to environmental agreements
- ◆ Military modernization
- ◆ Trends of technology and innovation
- ◆ Chinas position on territorial integrity
- ◆ Natural resource base
- ◆ China's population

Uncertainties

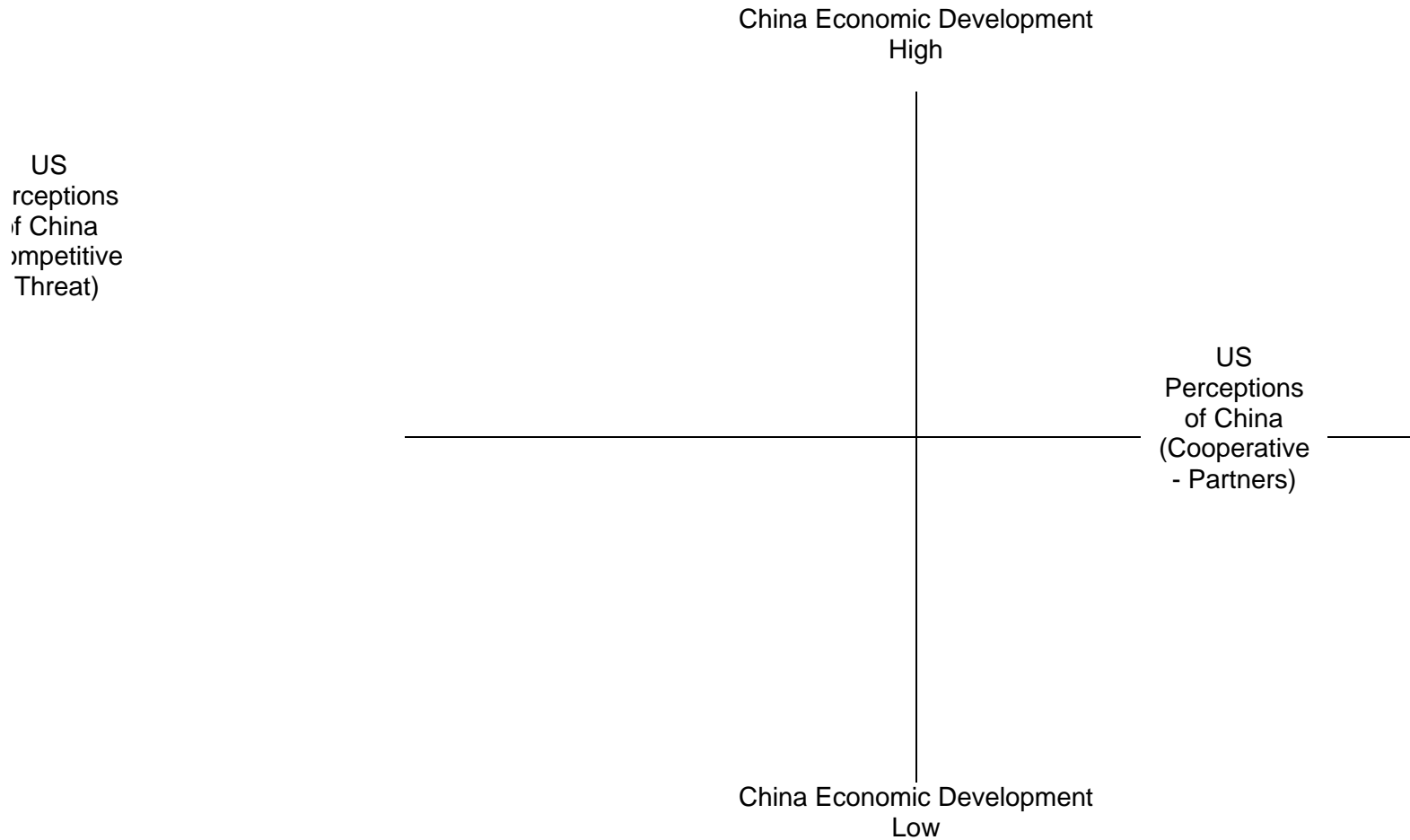
- ◆ Change of political structure in China
- ◆ Regional relations (Korea, Russia)
- ◆ Leadership changes in US
- ◆ Evolution of leadership in China
- ◆ Kinds of reaction to WTO in US/China
- ◆ Rate/extent/distribution of Sino-US economic interdependence
- ◆ Perceptions of intentions on Taiwan

Critical Uncertainties

- ◆ Evolution of leadership in China
(conservative and hostile to US – reformist and integrative)
- ◆ Leadership changes in US --policy direction
(conservative and containment of China – cooperative and partnership with china)
- ◆ Perceptions of intentions on Taiwan
(independence/war – one China and “let’s talk”)
- ◆ Public perception of US/China strategic intentions
(arms race, trade restrictions – partnership, arms reduction)

VIII. Scenario Framework (The Matrix)

The critical uncertainties were then ranked according to their importance for the future of US-China relations and the degree of uncertainty. From these the group built a structure for possible scenarios: two primary dimensions were chosen (*China's economic growth, and US perceptions of China*) and the other forces (from above) were mapped around a scenario matrix, designed to provide novel and robust scenarios. In short, the scenario matrix provides the “scaffolding” by which participants would build their stories.



IX. Scenarios Stories

“New Cold War”

Chinese Economic Growth: High
US Perception's of China: Competitive/Threat

The “New Cold War” scenario is characterized by low US economic growth, a strong Chinese economy, and growing nationalism in both China and the US. The scenario begins with the election of George W. Bush as President of the United States. Upon inauguration, Bush launches an ambitious National Missile Defense (NMD), and an Asian Theater Missile Defense (TMD) system. Tensions with China begin to rise. At the same time, we see growing US public – and later political – opposition to globalization (“Backlash of Seattle”). Coupled with growing world energy prices – in response to a global campaign to curb climate change - the anti-globalization campaign precipitates a dramatic slowdown in US economic growth and overall loss of relative global power. The global economy, particularly China, remains calm and stays the course.

In China, at the 16th Chinese Communist Party Congress in 2002, a “left oriented” group of leaders are elected, thereby further legitimizing the CCP politically while keeping economic reforms moving ahead. This scenario foresees little political reform in China over the next ten years; China's economic growth, however, remains dynamic. Driven by high military spending, effective conversion of state industries, and a growing economic partnership with Europe (seminal event is purchase of Airbus aircraft), China's economy becomes the largest in the world by 2004. China is prepared to weather the energy crisis as it successfully diversified its energy sources (most importantly a successful Three Gorges Dam project and China-Russia pipeline) in the early 00s.

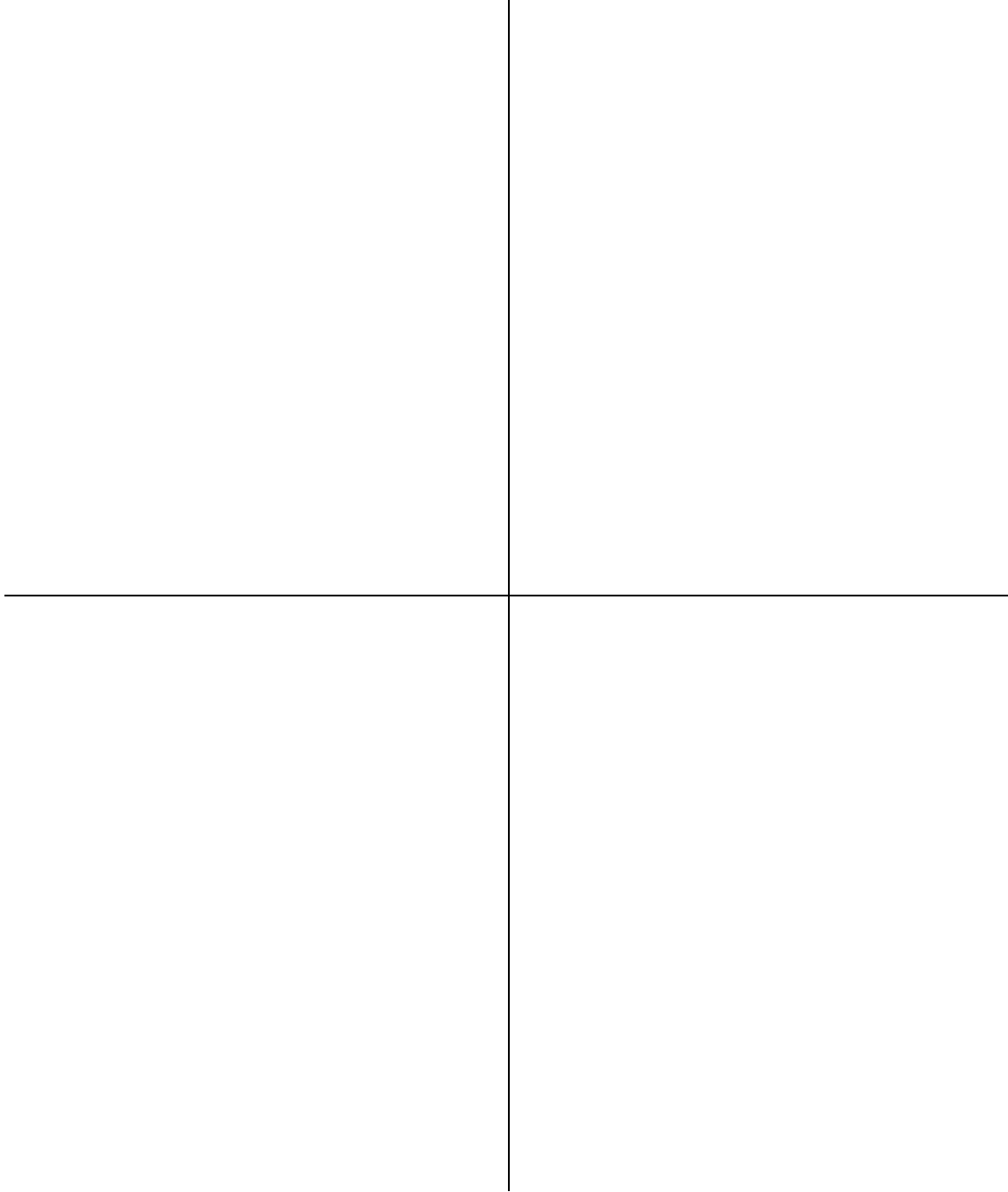
Back in the United States, growing resentment over Chinese trade practices spills over to other issue areas. US leaders are told to “get tough on China”. Tensions in the Taiwan Strait explode in a skirmish, and a limited “info-war” breaks out between the two countries. Taiwan's political identity continues to grow, yet there is greater economic cooperation between Beijing and Taipei. North and South Korea continue to improve relations, however, unification is stalled by US-China tensions. Emerging new balance of power in Asia between China, Russia, and North Korea on one side, and the United States, South Korea, Japan, and Taiwan on the other.

“New Era”

Chinese Economic Growth: High
US Perception's of China: Cooperation/Partners

Driven by strong economic growth in both countries, political reform in China, and greater people-to-people exchanges, this scenario foresees US-China relations moving towards a blissful “New Era” in US-China relations. This future is distinguished by high Chinese economic growth, US/China economic strategic partnership, Chinese political reform, peaceful resolution of Taiwan issue, effective cooperation on climate change, and strong people to people exchange. The starting point for the scenario is China's accession to the WTO. Although difficult at first, China stays the course with economic reform, and by 2005, begins to fully realize the benefits of joining the global trade organization.

In 2007 economic reform spills over to pressure for political reform, and during the 17th Party Congress agrees to wide-ranging political reform in China. From 2007- 2010 Chinese political system is characterized by rising pluralism, increased rule of law, and effective environmental governance. China and the US move even closer together politically and economically in this period. Within regional affairs, this scenario suggests that there will be a peaceful resolution to the Taiwan issue, and regional cooperation on military issues, despite the limited deployment of a US theater



XI. Learning Points

Lastly, in the wrap-up session, participants were asked if any of their assumptions of the US-China relationship have changed as a result of the workshop?

The Scenarios (Summary)

“In the past, it feels as if we’ve simplified US-China relations...now, know that it’s not that simple.”

“Have left thinking that the future is bright, and feeling good.”

“There was a very good willingness to talk.”

“Many shared assumption between the two (China and US) – a surprise.”

“Thought it would be stupid, but found the results interesting.”

“Two differences than other meetings: 1) have methodology that we can now benefit from; 2) can learn from different disciplines.”

“Learned that there is a very strong reliance on leadership in finding ‘win-win’ outcomes - learned that there were possible outcomes.”

“Personal relationships were very important.”

“Big gap between what we could talk about and what business and government people talk about. Need to bring the thinking done here, bring action and impact.”

“Before meeting had impression that democracy is a big subject to talk about, but after the conference, it is clear that the relationship between US-China will have a strong corollary to Chinese political reform.”

“Need a Taiwan perspective.”

“Can this tool be introduced to other fields? Maybe it should be used to focus on other areas, with more specific results. The more focused the entry point the more specific the outcome.”

“Should focus on common interests.”

“This is the real people to people exchange.”

“This methodology helps talk about serious disputes without serious problems.”

“Different assumptions that came through the discussions...would like to continue discussing the assumptions over time.”

XII. Next Steps

The workshop wrapped up with a brainstorming session on how to proceed with the project. Participants suggested the group should undertake an interim research effort, and a follow-up scenario workshop in November 2000.

Research topics

During the scenario development exercise, the group identified a number of areas where more information was needed to develop a robust scenario logic. In the final session, the group identified the following research topics to be explored before the next meeting in November. (See Appendix III. for complete list of information needs.)

- WTO impacts on China (*Who will conduct research?* NBR, Nick Brody at Brookings, DRC Report, World Bank)
- China, regional and global energy futures.
- TMD – deployment and reactions; linkages (CFR, NI, MIIS, NPReview).
- Taiwan’s future options, mental maps. (taiwansecurity.org; Wilson Center contacts).
- World Order: international relationships, dynamics, relative power and mediation.
- Need for more economic information in China (structure and dynamics)(DRC, WB)
China political reform process (Original research, gov. action center, journal Pei Min Xin (CEIP))
- Development of Civil Society in China: trend data, NGOs, US-China cultural exchanges, business recruitment, and Silicon Valley start-ups; role of Internet and blockages in China to spread of Internet technology/access;
- US strategy on China.

Format?

- Executive Summaries with pointers to the original documents.
- A living bibliography
- Online discussion group

Next Workshop?

- After the US elections...November 13?

Who Should Attend?

- Taiwanese (US Taiwanese?)

- Chinese/US high-ranking officials to give input then leave.
- Dinner Speakers (Gov,WBCSD, China business associations, real business person, Liz Economy)
- Reception with business, NGOs, government, representatives.
- Other Design Ideas?

Focus/Output of Next Workshop?

- Early indicators
- Strategic Implications
- Reports from both China and US
- Comprehensive Report
- Questions to be resolved, Play out events.
- Report to governments
- Take it further (\$?)
- Visual representation

Appendix One: Participant Bios

CHINA

CHEN, Qing

Director

South North Institute for Sustainable Development

Mr. Chen holds an MBA from China University of Science and Technology. He has previously worked part time for China Energy Research Committee (five years), and in the Environment and Resource Committee of the Standing Committee of the National People's Congress (five years). In addition, he worked for five years as a secretary with the CCICED Energy Strategy and Technology Working Group. During this period, he successfully organized several workshops for the working group, such as workshops on hydrogen fuel cell technology, green building technology (energy efficient construction), and training for government officials on new energy technology. In recent years, he has been paying much attention on the development of the fuel cell technology. Chen Qing is now the director of South-North Institute for Sustainable Development and a consultant for NRDC in its China Clean Energy Project.

CHU, Shulong

Senior Research Fellow

China Institute of Contemporary International Relations

Dr. Chu Shulong is currently a senior fellow at China Institute of Contemporary International Relations in Beijing, China. He is also a professor of international relations of Beijing University of International Relations, council member of Chinese Society of American Studies, CSCAP China National Committee, China's Association of Taiwan Studies.

Chu Shulong received his PH.D. degree of political science from the George Washington University, a M.A. degree of law from Beijing University of International Relations, and a B.A. degree in English from Dalian Foreign Language University.

Dr. Chu's areas of studies include American politics and foreign policy, especially US China policy and the Sino-US relations; Asian security; China's foreign and security strategies; and theories of international relations. He has published widely in those areas. And his most recent books include: America Enters the 21st Century; Engagement and Prevention: US China Strategy in the Post-Cold War; China and the U.S.: Cooperation and Conflicts (forthcoming).

HAN, Hua

Director, Program on Arms Control and Disarmament

Institute of Asian and African Studies, School of International Affairs, Beijing University

HU, Xueze

Director, Senior Research Fellow

China Institute for Policy Studies, Foreign Policy Research Centre

Specialist focusing on USA-USSA-China relations, China's security problems, international disarmament, relations between new technology and superpowers foreign strategy, the East

Asia security situation. Author of "China's Diplomacy - 1949-1989." Employment experience: Journalist of Xinhua News Agency; Associate research fellow / deputy in chief of group of strategic relations among world powers, China Contemporary International Relations Institute; Visiting scholar in Instituto Universitario de Pesquisas do Rio do Brasil; Visiting scholar in Lisbon University of Portugal; Director of Department of Foreign Investment of CACC; Director and research fellow of Foreign Policy research Centre China Institute. Bachelor's degree of arts, Shanghai Foreign Studies University; Master's degree of law, Beijing International Relations Institute; PhD., Lisbon University. Languages: Chinese, Portuguese, English.

HUI, Yuming

Project Officer

South North Institute for Sustainable Development

Mr. Hui Yuming holds an MA equivalent diploma of the United Nations training course and is pursuing a Master's degree on geographic economics. He had been studying in Pakistan for three years in 80's as an undergraduate. Before joining the South-North Institute for Sustainable Development as a program officer on day one of the Institute, he worked as a journalist for China's international radio, a market researcher and a conference coordinator. He has been working on a part time basis with British Embassy in Beijing and China Britain Business Council. He has also acted as an (ad hoc) interpreter for British Ministers visiting China and former US ambassador meeting with state leaders of China. Since November 1998, he has been working as a consultant for Natural Resources Defense Council on its China Clean Energy Project.

OUYANG, Liping

Research Fellow, Arms Control Group

China Institute of Contemporary International Relations

SHEN, Dingli

Deputy Director, Center for American Studies

Fudan University

Dingli Shen, a physicist by training, is a professor of international relations at Fudan University. He is a Deputy Director of Fudan University's Center for American Studies, and a Deputy Director the University's Committee of Research and Development. Dr. Shen received his Ph.D. in physics (1989) from Fudan and did his post-doc in arms control at Princeton University (1989-1991). He was an Eisenhower Fellow in 1997. His research includes nuclear arms control and disarmament, regional non-proliferation issues, test ban, missile defense, export control, China-U.S. relations, as well as Chinese foreign and defense policies.

WANG, Yanjia

Director, China/US Energy and Environmental Technology Center

Tsinghua University

Ms. Yanjia Wang is an associate professor of Tsinghua University. She works for the US/China Energy and Environment Technology Center, an organization founded in 1997 to provide services on technical transfer of energy and environmental technologies. She is also a member of the Working Group of Energy Strategies and Technologies, China Council for International

Cooperation on Environment and Development (CCICED). Ms. Wang received a B.S. in chemical engineering in 1984, an M.S. in systems engineering in 1989, both from Tsinghua University. She joined the research staff at Tsinghua University in 1986 and conducted research on STS (Science, Technology & Society), specifically scientometrics & science development strategy from 1986 to 1988, and theory and methodology of regional development strategy and planning from 1987 to 1990. Since 1990, she has studied energy economics and energy policy including integrated urban energy planning, national medium-long-term energy conversation programs, national medium- and long-term energy demand forecasting, integrated resource planning and demand side management (IRP/DSM), and technology transfer.

WU, Chunsi

Assistant Researcher, Center for American Studies
Fudan University

Ms. Wu Chunsi is Assistant Researcher at the Center for American Studies (CAS), Fudan University, and a Ph.D. candidate of the Department of International Politics, Fudan University. She received a master degree in international politics at Fudan University in July 1997. She, currently, does research at the Program on Arms Control and Regional Security of the CAS, where Ms. Wu focuses on missile defense, East Asian security and security policies and relations of major powers. Her articles published in Chinese or English include: Sino-US Cooperation and Divergence on Regional Security Issues: the Case of Korean Peninsula, Theater Missile Defense (TMD) and East Asian Security, and China's Multilateral Diplomacy. She is also interested in the studies related to international nonproliferation regime, South Asian Security and multilateral security cooperation mechanism.

ZHAI, Fan

Senior Associate/Research Fellow
Development Research Center of The State Council

Zhai Fan is a Senior Associate/Research Fellow at the Department of Development Strategy and Regional Economy, Development Research Center of The State Council, P.R.C. Zhang has served as a consultant to the World Bank; Visiting Scholar at the Graduate School of International Relations and Pacific Studies University of California, San Diego; Visiting Researcher Economic Research Services, US Dept. of Agriculture, Washington DC (Joint research on FAO project "APEC Trade Liberalization and Its Implication on Global Sugar Market"); and, Visiting Researcher, Development Center, OECD, Paris. Zhang holds a B.S. in electrical engineering from Hefei University of Technology, an M.S. and PhD in Systems Engineering from Huazhong University of Science and Technology.

ZHUANG, Jianzhong

Research Fellow
Shanghai Institute for Policy Studies

Zhuang JianZhong research fellow, graduated from Shanghai University of international Studies. has long been in the study of international relations, especially in the Sino- American relations, U.S -Japan -China relations, and recently in the cross-strait relations has a variety of other interested subjects of research ,such as TMD, nuclear non-proliferation and defense strategy and etc.

UNITED STATES

BARRY, Tom

Director, Foreign Policy in Focus
Senior Analyst, Interhemispheric Research Center

Tom Barry co-founded the Interhemispheric Resource Center (IRC) in 1979, a policy studies center focused on U.S. foreign policy. He founded Foreign Policy In Focus in 1996, and functions as its editor. He is the author or co-author of more than 20 books on international affairs. Most recently, he co-edited *Global Focus: U.S. Foreign Policy at the Turn of the Millennium* (St. Martin's Press, 2000).

FINAMORE, Barbara

Senior Attorney and Director, China Clean Energy Project
Natural Resources Defense Council

Barbara Finamore is a Senior Attorney and Director of Director of the China Clean Energy Project at the Natural Resources Defense Council. The China Clean Energy Project promotes innovative policy development, capacity building and technology demonstration in the areas of energy efficiency and clean energy. Other experience includes: Center for International Environmental Law (CIEL), Moscow, Russia; United Nations Development Programme (UNDP), Beijing, China; National Environmental Protection Agency of China (NEPA), Beijing, China; and Lord, Day & Lord, Barrett Smith, Washington, D.C., USA. Barbara holds a B. A. in Environmental Studies, State University of New York, Stony Brook, and a J.D. from Harvard Law School.

HUNTLEY, Wade

Program Director, Asia-Pacific Security
Nautilus Institute for Security and Sustainable Development

Wade Huntley is Program Director for Asia-Pacific Security at the Nautilus Institute for Security and Sustainable Development. His areas of expertise include international security, nuclear nonproliferation and arms control, political relations in the Asia-Pacific region, and political theory. His publications include: "Nonproliferation Prospects after the South Asian Nuclear Tests," *The Nonproliferation Review* 6:1 (Fall, 1998); "Thresholds in the Evolution of Social Science," in Rudra Sil and Eileen Doherty, eds., *Beyond Boundaries: Complexity and Synthesis in International Studies* (SUNY Press, forthcoming, 1999); "Extended Nuclear Deterrence in Northeast Asia," *Pacifica Review* 9:2 (October/November, 1997). Dr. Huntley received his Ph.D. in 1993 from the Political Science Department of the University of California at Berkeley, with a dissertation entitled, "The Citizen and the Sword: Security and Democracy in the Liberal State." He has been visiting professor at Whitman College in Walla Walla, Washington, and at the University of Hawai'i at Hilo, and visiting scholar at the Institute of International Studies and at the Institute for Governmental Studies at the University of California at Berkeley.

LIU, Feng

Consulting Environmental Economist
World Bank

Mr. Feng LIU is an independent energy and environmental consultant primarily working for the World Bank. He is one of the primary authors of the 1997 World Bank report: Clear Water Blue Skies, China's Environment in the New Century. He was a senior research associate at Lawrence Berkeley National Laboratory where he helped to build a China energy research program. He also consulted for the National Research Council of the National Academy of Sciences, the Energy Foundation, and Nomura Research Institute. His areas of interest and specialty include environmental economics and regulatory policy, air pollution control, energy demand analysis and energy policy. He obtained his Ph.D. in environmental economics and policy from Johns Hopkins University, MA in energy and resources from University of California at Berkeley, and BS in physics from Southwest Normal University in China.

SAUNDERS, Phillip

Director, Center For Nonproliferation Studies
Monterey Institute of International Affairs

Phillip C. Saunders is Director of the East Asia Nonproliferation Project at the Monterey Institute of International Studies. He has worked or consulted on Asian security issues for the United States Air Force, the Council on Foreign Relations, and RAND. His articles on China and Asian security have been published in journals including International Security, China Quarterly, The China Journal, Pacific Review, and Orbis. A graduate of Harvard College, he also holds two Masters degrees from Princeton University's Woodrow Wilson School of Public and International Affairs and is currently completing a doctoral dissertation on priorities in US China policy from 1989 to the present. He speaks Mandarin Chinese and has studied and conducted research in Beijing, China.

TURNER, Jennifer

Woodrow Wilson Center, Environmental Change and Security Project

Jennifer Turner is Senior Project Associate at the Woodrow Wilson Center's Environmental Change and Security Project, where she directs the Project's activities on environmental issues in China. In addition to coordinating the Project's Working Group on Environment in U.S. China Relations, she also serves as Editor of the Project's journal, China Environment Series. Prior to joining The Wilson Center she worked as a professor at Winthrop University in South Carolina where she taught courses on Asian politics and environmental policy. Dr. Turner received her Ph.D. in public policy and comparative politics from Indiana University, Bloomington, in 1997. Her dissertation examined local-government innovation in implementing water policies in the People's Republic of China. Her current research continues to focus on natural resource and environmental protection issues in China.

VON HIPPEL, David

Energy and Environmental Analyst, Research Associate
Nautilus Institute for Security and Sustainable Development

David Von Hippel is a Nautilus Institute Associate working in Eugene, Oregon. David's work with Nautilus has centered around energy and environmental issues in Asia, and particularly Northeast Asia. He has done extensive analyses of the patterns of fuels use prospects for energy efficiency in North Korea, prepared reviews of rural electrification options and of the impacts of climate change/sea-level rise in Asia and the Pacific, and trained representatives in the use of demand-side management planning tools. He is currently involved in several Nautilus projects, including the "East Asia Energy Futures" and upcoming "Energy Security" initiatives.

Dr. Von Hippel's training and experience cover a broad range of topics and applications in the fields of energy and resource planning and environmental management, including energy efficiency, demand-side management and integrated resource planning for utilities, renewable energy, global climate change, acid gas emissions, rural electrification, and energy/environment scenario modeling. In addition to his work with Nautilus, he has worked for a number of private and public agencies, including the World Bank, the United Nations, a domestic (US) gas utility, and Tellus Institute (Boston, MA). Much of his work has focused on training developing-country researchers in government agencies and NGOs from Asia, Africa, and Latin America to use tools and techniques of energy and environmental planning to support sustainable social development.

David holds M.S. and Ph.D. degrees in Energy and Resources from the University of California/Berkeley, and M.A. (Biology) and B.S. degrees from the University of Oregon.

WILLRICH, Mason

Nth Power Technologies, Inc.

Mason Willrich is special limited partner, Nth Power Technologies, Inc., a venture capital firm; director of Evergreen Solar, Inc., a photovoltaics manufacturing company; advisory board council member of Electric Power Research Council, National Renewable Energy Laboratory, and School of Public Policy, UC Berkeley; trustee of Winrock International, World Affairs Council of Northern California, and Midland School. Mr. Willrich was formerly Chairman of EnergyWorks (1995-98); CEO of PG&E Enterprises (1989-94); Exec. VP and other positions of Pacific Gas and Electric Company (1979-89); Director for International Relations, Rockefeller Foundation (1976-79); Professor of Law, University of Virginia (1965-79); Assistant General Counsel, U.S. Arms Control and Disarmament Agency (1962-65); and pilot, US Air Force, Strategic Air Command (1955-57). Mr. Willrich is the author or co-author of nine books and numerous articles on energy policy and national security issues. Yale, B.A. 1954; UC Berkeley, J.D. 1960.

ZARSKY, Lyuba

Nautilus Institute

Lyuba Zarsky is Program and Research Director of the Nautilus Institute for Security and Sustainable Development, a non-governmental policy-oriented research and advocacy group. She heads the Institute's Globalization and Governance Program, which aims to promote environmental sustainability and social justice within market governance in the context of economic globalization, especially in the Asia-Pacific region. She has worked extensively on issues related to trade, investment and the environment, as well as civil society participation and human rights. An economist by academic training, she was twice on the US delegation to Environment Ministerials of APEC and sits on the Trade and Environment Policy Advisory Committee of the Office of the US Trade Representative. Her recent publications include:

"Environmental Norms in the Asia Pacific Economic Cooperation Forum" (in E. Shelton, ed., *Commitment and Compliance, Non-Binding International Norms*, Oxford University Press, 2000); "Havens, Halos and Spaghetti: Untangling the Relationship Between Foreign Direct Investment and the Environment" (in OECD, *Foreign Direct Investment and the Environment*, 1999); "APEC, Globalization, and the 'Sustainable Development' Agenda" (*Asian Perspectives* 22, no.2, 1998); "Energy and the Environment in Asia Pacific: Regional Cooperation and Market Governance" (in P. Chasek, ed, *The Global Environment in the 21st Century*, UNU Press, 1999); "Stuck in the Mud? Nation-States, Globalisation, and the Environment" (in OECD, *Globalisation and Environment, Preliminary Perspectives*, 1997).

Appendix Two: Sponsoring Organizations

The Nautilus Institute for Security and Sustainable Development

The Nautilus Institute for Security and Sustainable Development is a small policy-oriented research NGO based in Berkeley, California. The Institute promotes international cooperation with the goal of realizing secure and ecologically sustainable societies. The staff engages in policy-related analysis of environmental, energy, security, economic issues, with an emphasis on the inter-disciplinary, inter-agency, inter-sectoral interface between these issues. Programs embrace both global and regional issues, with a focus on the Asia-Pacific region. The Institute produces reports, organizes workshops, briefs policymakers, constructs quantitative models, provides educational and training services, runs three electronic information services, and occasionally engage in hands-on projects. To learn more about us you can visit our web site: <http://www.nautilus.org>

Center for American Studies (CAS), Fudan University

The Center for American Studies (CAS) is a research and teaching institute affiliated to the Shanghai-based Fudan University, one of the best universities in the People's Republic of China. After fifteen years' efforts, the CAS has established a research team composed of ten full-time and more than 20 part-time research fellows. There are four research programs in the Center. They are: Program on US Politics and Sino-US Relations, Program on US Economy, Program on US Society and Culture, and Program on Arms Control and Regional Security. A lot of books, papers, articles and research reports in those areas have been published. Meanwhile, the CAS also dedicates to teaching. It enrolls graduate students every year and offer a variety of courses in the realm of international relations including History of Sino-US Relations, US National Security Strategy, and Nonproliferation and National Security, etc. The Center carries out academic cooperation with many institutes abroad and within China. It also receives visiting scholars every year.

Co-Sponsors

US/China Energy and Environment Technology Center (EETC)

The US/China Energy and Environment Technology Center (EETC) was established in Beijing in 1997. The Center is implemented jointly by the US and Chinese governments, and by Tulane and Tsinghua Universities. The mission of EETC is to nurture trust and goodwill between the US and China on energy issues, to conduct bi-national training and education regarding technical and financial issues related to promoting clean energy and environmental technology in China, and to support policy development in China to encourage the responsible use of coal. To learn more about EETC visit their website at: <http://www.tulane.edu/~uschina/>

The South-North Institute for Sustainable Development (SNISD)

Established by Prof. Yang Jike (President) and his assistant Chen Qing (Director) in 1998, South-North Institute for Sustainable Development (SNISD) is a Chinese non-profit NGO based in Beijing. SNISD's mission is to: carry out research for laws, regulations and policy of environmental protection and sustainable development; and, promote the use of renewable energy, especially in Asia-Pacific. SNISD also focuses upon publicity, training, consulting and exchanges vis-à-vis environmental protection and sustainable development at regional, national and international levels. Please visit the SNISD web site at: <http://www.snisd.org.cn>.

Appendix III. Information Needs and Scenario Notes

Participant's Artifacts Representing US-China Relations

- Toy Money from New York City's Chinatown
- Jello
- Phone Line
- Bridge
- Free Yahoo.com email accounts
- Two Hands
- Sunset/Sunrise
- US Dollars and Chinese Yuan
- Friendship
- Jobs
- Complementary Relations
- Fluorescent Light bulb
- Tension
- New Perceptions

During the scenario building exercise, each team was asked to identify potential research questions and information needs. These information needs were then discussed and narrowed down to the final research agenda listed above.

Group One ("New Cold War")

Information Needs

- 3 Gorges/China Energy consumption
- Most sophisticated missile defense options
- US and Chinese cultural, ethnic, political processes
- WTO processes and in relation to US business process
- How the above regional dynamic might work?

Questions

- Is the energy scenario probable?
- Could China be buffeted from world energy prices?
- Is the economic growth scenario possible?
- Where does the growth come from?
- What is U.S decline?
- How does China get Hi-Tech?
- The pattern of growth in China needs some more work.

Group Two ("New Era")

Information Needs

- Economic trends/forecasts in China
- More political reform process in china (what's possible, what signals can we expect)
- More on WTO agreement and what impact on specific sectors.
- What might be blocking citizen exchanges
- What's going on internally in Taiwan.
- TMD and common security arrangements.

Questions

- Where's the US economy?

- Where are the hawks and the hardliners?
- What about the security issues?

Group Three (“Friends in Need”)

Information Needs

- More information about interplay of WTO membership and China’s economic transition
- “Modeling” effects of oil crisis on US China interdependence.
- Consideration of how a china crisis on world economic system.
- More information on China/Japan perception and reactions
- How China’s crisis affects Japan and US relations

Group Four (“Crossing the river by feeling the stones”)

Information Needs

- The possibility of TMD
- Taiwan’s Future Policy Options
- TMD-Russia-China Relations
- Reaction of Japan to Korea to TMD

Notes from Scenario Groups

“New Cold War”

Relative US decline in power (China, other states in the system)

US backlash against trade and globalization

Chi: remains calm, growing nationalism in both countries; prepare for 16th congress 9/2002

Ch: state owned enterprise conversation successful

US: continued IT espionage concerns

US economy goes downhill

Rising China growth; us econ stagnation

Backlash of Seattle

Fast Internet development

IT

Successful state industry close

Stock market

Rising world energy prices

NK becomes closer to Russia and China

Bush elected, raises Chinese expectations

China growth up; us economy stagnates b/c of rising energy costs.

Energy extremely important

How do you get Chinese growth to take off in climate of rising energy prices; china becomes good at a diversity of energy; and importantly a China-Russia oil pipeline.

In the US growing trade resentment to china, spills over to other issues.

Deployment of most sophisticated options in NMD/TMD; leads to china disappointed in bush...leads to another point of rising tension.

In china rising env/energy problems.

Higher corruption

Political reform stalls, yet economic growth keeps people feeling OK. Reduces pressure from below.

Who gets elected in 16th party congress? Most likely more left point of view, reinforce legitimacy of CCP, yet keeping economic reform going.

In Taiwan, increasing business relations, yet increasing military tensions.

US tech sharing with Japan and Korea, and Taiwan.

Russian Nuke tech sharing with China; emerging China-Russia axis.

US leaves the ABM – opens door to new axis.

Chinese growth rate become #1 by 2004 . driven by military spending, successful develop of west, benefits of anti-corruption, rule of law. Corruption problems solved.

Increasing population and consumption leads to increasing resource pressures.

Three gorges become seminal element of the scenario. Project becomes successful.

In the US, consumer debt crisis, magnifies economic decline, reinforces Chinese perceptions.

WTO goes down, because US is non-engaged.

Info-war incident

Skirmish with Taiwan, because of bush needing to bolster support because of economic decline.

Korea: DPRK and ROK have greater linkages, yet no reunification because US china rivalry

US agriculture exports increase dramatically (Because China food needs and trade imbalance), energy crisis in us push move to greater efficiencies.

End State

US relative power decline

Increase in China energy consumption and pollution

Armes race and hitech and dual use protectionism

Deployed sophisticated TMD and NMD options

China dominante political reform stalls bc popular economic satisfaction

Taiwan political identity increases but increase in economic xchanges w china, no independence deceleration

In china increasing economic interdependence with Europe. Purshcase of airbus services, drives down Boeing. (seminal event)

New balance of power: CH-RU-NK....ROK-J-US-TWN....

Globalization strengthens China

Perceptions: Ch: US hegemony; US: China resentment.

“New Era”

Period one 2000-20007

High gnp growth in china.

Deepening of perception of china as a partner and friend

Starting point: PNTR, but the embrace of the changes is low as growth is low in the first four years

Coming in of money and goods sparking greater growth – not rapid – in china.

Chn stands as a good partner.

2005 China feels the results of WTO ascension. 2007 is a saddle point at the party congress embraces political reform as the economic changes...

Resumption of arms talks.

Greater people to people exchange

Tech transfer promotes cleaner production

Period two 2007-2010

Peaceful resolution of twn issue
Regional cooperation on military issues and reduced concerns about missile defense.
Accelerating civil society exchange and environmental cooperation/protection
Improved rule of law.
Pluralism on the increase.
Moderate TMD deployment
China's engagement overall is high.
Addressing climate change issues.
Cooperation across the board.
Model for new world order

“Friends in Need”

Partners with Low Growth

Need to jolt relations in friendly direction, and then after the Chinese economy
August meeting in Bedai, call for major economic opening
Setting out a very clear direction..economic opening, move decisively towards improving
relations.
De-emphasize of military issues, military is subordinated, plays into economy
Gush Bore elected in 2000.
US approving of China opening.
Personal relationship between US and China leaders
US identifies with reforms, want to help Chinese leader succeed.
Shelving of Taiwan problem.
High US investment in China, increase purchase of each other goods.
Environmental cooperation.
DPRK missile threat goes away, reduces the salience of TMD.
NMD doesn't happen (doesn't work, or DPRK reduced threat, or US does it in a way non-
threatening to US).
Progress on Korea. Japan relations on the up.

2007

...then goes bad. Oil shock (any shock really). Causes econ global slowdown. Direct impacts to
china, indirect through slow down in other mkts. WTO changes just taking place, leaving it
vulnerable.

2008

Rivalry in China leadership, forces US to support (like Russia now) one candidate who is a
reformer.
IMF bailout. Japn might be helping out. Labor problems, dislocation problems, high energy
prices, migration out of china, social unrest.....all prompts more cooperation. People to people
exchanges keep going. Economy starts bottoming out.
Security: Taiwan is also in trouble, but its working to help. US is helping keep china together.
Peaceful resolution on Korean peninsula. Settlement of the Spratlys.

“Crossing the River by Feeling Each Stone”

China does not adopt a long-term view of what's going in the US
Economic growth yet tension with china.
Tension in Taiwan – arms race btwn china and twn (us sells).

TMD talks are serious – heightens China's military modernization. Military buildup affects economic growth.

WTO entry affects certain sectors. But does not destabilize china socially.

Hardline/softline contention in china.

Leadership crisis.

If there is a Taiwan surprise, goes to hardline. Then the reaction may push TMD, lower investment, attack on Taiwan. OR peaceful Taiwan, softliners in power

Not much different than today but going back and forth.

The two dilemmas: economy, security.

Nothing driving big leaps.

Next tens years is transitional period.

International pressure to reform political systems

China's economic decline slows Asia's economic growth.

Chinese leaders adopt economic growth (world economy slows?)

Don't treat china as a threat, as it is a small power.

Need help with reforming political regime.

Many feel this is the most plausible of all (???)

This is a very permissive environment for Taiwan to declare independence.

Some WTO localize social instability

Increases US perception of china threat so TMD

Tensions over Taiwan continue...