

STAPLETON ROY, CHAIRMAN, UNITED STATES ASIA PACIFIC COUNCIL

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Good morning. Let me add my welcome to all of you for participating in the Fourth Annual USAPC Washington Conference. We truly live in interesting times. The Asia-Pacific region, as all of you recognize I am sure, is in the midst of a transformation of far-reaching significance, and it was in recognition of this transformation process and its importance for the United States that the United States Asia-Pacific Council was formed four years ago. Interestingly, many of the most significant changes in Asia have occurred precisely during a period when U.S. attention has been heavily focused on the Middle East, contrary to the expectation that Asia was going to be the focus of this administration. So it's the potential disconnect between the significance of what's happening in East Asia and the distractions that the United States is facing that pose some of the biggest foreign policy challenges for the United States.

Over the last half-decade, for example, and particularly over the last four years, political relations between Japan and China and between Japan and Korea have deteriorated to a disturbing degree. This unavoidably gave rise to concerns throughout the region about the future of cooperation since high levels of tension between the two biggest economies, and in a way the most important countries in East Asia, could not help but have the gravest consequences for regional stability. Fortunately, the visits to Beijing and Seoul by new Japanese Prime Minister Abe immediately after taking office have halted that downward spiral. However, a great deal of work remains to be done. As an added reminder of the dangers in the region, in October, North Korea tested a nuclear device. This occurred just three months after it engaged in a series of missile launches that aggravated tensions in northeast Asia. These actions have been universally recognized as posing a grave challenge both for the region and for the viability of the global non-proliferation system.

In general, the region presents a mixed picture of positive developments and some worrisome factors. On the positive side, the East Asia community building process has gained new momentum with the holding of the East Asia Summit in Kuala Lumpur last December, the first East Asia summit under that name. Vietnam is attracting new international attention, both because of the rapid development of its economy and because of the fact that, for the first time, it hosted the annual APEC summit earlier this month. In contrast, Thailand, a country that has been remarkably successful economically, endured a political coup in September that altered expectations about both the future course of political developments in Thailand and also provided a reminder that the democratic transitions that have occurred so promisingly in East Asia are fragile and are not necessarily permanent. Taiwan, instead of serving as a focal point for high tensions between the United States and China, has been immersed in a domestic political crisis in recent months and the cross-strait relationship is relatively calm at the moment.

Meanwhile, China's economy is continuing to grow very rapidly and Japan's economy is continuing to show encouraging signs of recovery from the fifteen years of substandard economic performance. The small states in the Pacific, we also need to remember, are part of the Asia-Pacific region, and they are also struggling with problems of political stability and significant demographic changes, which have a disproportionate impact on them because of their small populations. They're facing the problem of how do you retain your populations when the attractions of moving elsewhere are readily available under the new openness that we find in the Asia-Pacific region. These developments provide reminders that the Asia-Pacific is not only one of the great success stories of the last 25 years, but remains the most dangerous region in the world, because it's the one region that has issues that potentially could produce great-power confrontation. If you look at the Middle East, the United States intervened at the heart of the Middle East and there was no danger of great-power confrontation. But a Korea problem, a bad

worsening of Sino-Japanese relations, or a Taiwan crisis that brought the United States and China into confrontation with each other pose issues far graver in their potential significance.

Fortunately, all of the countries in East Asia have generally been more successful in preventing these adverse developments from emerging. However, we should not forget that the potential is there and the risks are great. Under these circumstances, it is symbolically very important that President Bush, despite the many distractions facing him, found time to go to Hanoi to participate in the APEC summit this year. While in Hanoi, President Bush emphasized that the involvement of the United States in East Asia is vital for its national interests and he affirmed that the United States is committed to the stability and prosperity of the region. These are good words. In my opinion, they accurately reflect U.S. interests and our need to be heavily involved in the East Asia region as we have been throughout our history. But the challenge will be to translate these words into effective actions that increase regional confidence about the U.S. role in the Asia-Pacific region. I hope that our discussions today will contribute to the process of understanding how the United States can best use its role and influence in the Asia-Pacific region to make contributions that are seen as positive and beneficial from the standpoint of other countries in the region, not just the United States.

A Pew global attitude survey that was released last fall, illustrated the complexity of the issues and the problems that confront the region. The survey revealed, for example, that seven out of ten Japanese have an unfavorable view of China. Nine out of ten Japanese view China's growing military power as a bad thing. The views of China towards Japan are even more negative according to the results of the survey. This is a marked contrast from the earlier three decades, when Sino-Japanese relations were improving. Even four years ago a majority of Japanese had positive views of China, 55 percent in 2002 according to this same survey. Now it's down to 28 percent, indicating a very sharp worsening of public attitudes in the two countries. Even as the state of Sino-Japanese relations have raised concerns throughout the region, relations between

China and India have shown significant improvement. In fact, I think it's probably fair to say that relations between China and India are now the best they have been in fifty years, roughly speaking. This was reflected when President Hu Jintao of China recently visited India, where he received a warm welcome. Interestingly, the Pew survey revealed that significantly more Indians than either Russians or Japanese feel that China's growing economic power is a bad thing. This is a curious phenomenon. Fully a half of the Indians who participated in the survey held this view, while only two out of five Russians held this view, a minority, and less than a third of Japanese thought that China's rapid economic development was a bad thing. On the question of who might replace the United States as the dominant power, it's the Indians who think it most likely that China will replace the United States as the dominant power within ten years. Fully a third of the Indians who participated in the survey thought this was likely within ten years. Four percent of Chinese thought it was likely, and seven percent of Japanese.

So we see an incredible discrepancy in terms of the way that these attitudes are developing. On the question of adversarial relations, it's interesting that despite the negative public attitudes, China and Japan don't really see themselves as adversaries. It's we Americans, you will be gratified to know, who rank highest in the minds of Chinese as the potential adversary, or as posing the greatest danger to their country, while only one in five Chinese see Japan in that role. For the Japanese, it's a contest between China and North Korea as to which poses the greatest threat. Until the North Korean nuclear tests, the Chinese had slightly edged out the North Koreans and after the nuclear test North Korea shot into the lead by a wide margin. So at the moment, the Japanese see the Korean problem as posing the greatest threat for their country.

Now, these polling results are significant, because they illustrate several points. Countries such as Japan and Russia that have historic reasons for being wary of a strong China, and who properly might be concerned about China's rapidly growing economy, in fact, are highly conscious of the

benefits that their countries derive from China's rapid economic growth. This shouldn't be surprising. Japan is China's second largest trading partner, and Russia is China's ninth largest trading partner. India is not on the map. While Sino-Indian trade is growing, and growing quite rapidly, the base is so small that it doesn't represent a significant economic relationship as yet. So we see the difference. You have negative public attitudes in Japan towards China, but the Japanese know that they gain lots of benefits from that economic relationship. That's a stabilizing factor that isn't there in the case of the Indians, who see China as an abstraction with a growing economy and, therefore, potentially posing a challenge to India. The second aspect that's important is that the countries that know East Asia best, such as the Chinese and the Japanese, don't have unrealistic expectations that China is going to suddenly replace the United States as the dominant power. It's the Indians, who have a much less intense engagement with China, who see China emerging ultra-rapidly as a superpower capable of replacing the United States.

Now, there are some interesting parallels to the United States in this. When people in this country argue that China is spending far too much on the military and threatening our position in East Asia, is this really based on knowledge and understanding of China, or is it based on not knowing China? It's something we should think about, and that's one reason why the types of discussions that we're going to have today are so important. Countries do occasionally end up in hostile relations with other countries, but we need to be able to distinguish between the real situations and the imaginary situations, and if we confuse the two, it will contribute to unwise policies and potentially even disastrous consequences.

The survey data are also significant because, as I noted, Sino-Japanese relations are at a critical turning point. Although there has been a disturbing deterioration in Sino-Japanese relations, the results of Prime Minister Abe's visit to China and Korea exceeded the expectations of every specialist on Japan, most of whom did not have high hopes that the downward spiral could be

arrested. But this is only the beginning of a process, and we shouldn't get ahead of ourselves. Prime Minister Abe is not only the youngest prime minister in Japan's post World-War II history, therefore bringing a different set of attitudes to his leadership in Japan, but he has said that he wants to make Japan a country that is trusted and loved by the entire world, while at the same time setting the goal of revising Japan's constitution so that Japan can be a normal country. The question is, can he accomplish both of those goals? That's going to be the real challenge, and it's going to pose a challenge for China and for Korea, because both of those countries, at least in parts of their populations, see a normal Japan as a threatening Japan.

So, there's an enormous amount of work that has to be done, and the Pew global attitudes survey showed us some of the attitudes that are going to need to be addressed in the expanding network of relationships that are emerging in East Asia. These trends clearly have important implications for U.S. interests. I will repeat a point I've made on other occasions: the immediate issues dominating our attention are in the Middle East, but the real trends of greatest significance for future U.S. interests are in East Asia and the Pacific. At the moment, we have been forced to focus on the North Korean nuclear problem because of North Korean behavior, and Assistant Secretary Chris Hill has just completed a second round of talks in Beijing aimed at trying to restart the six-party process. That's commendable and it shows the United States is not neglecting the region in terms of the most immediate issues there. But in terms of the East Asia community building process, I think it's fair to say that the United States has only been partly engaged and has largely adopted a wait-and-see attitude. This posture is not about risks, because I would argue that the level of U.S. engagement in this community-building process is less than the degree to which U.S. interests are involved in what comes out of that process. The second problem is that by not being fully engaged in the process, the United States is not part of the intellectual process of thinking through the issues. I was very pleasantly surprised during my recent swing through Asia, where I spent hours in extensive discussions of this East Asia

community building process, at the quality of thinking, the sophistication of the way that they were bringing together all of the relevant factors. Meanwhile, in similar discussions here in the United States, I find an absence of serious engagement with these issues except among perhaps a small group of specialists.

This is a very dangerous situation, because we are affected by what comes out of the community-building process. The second factor that's important is that this is still a work in process. East Asians have not worked out what organizational arrangements will best serve the interests of the region and they haven't worked out how they would like to see the United States engaged in the process. So for the United States to be on the sidelines at a time when it's still a formative process could leave us in a situation where things have begun to gel before we pay attention to what is emerging. Currently, this vacuum has been partly filled by the private sector, and it's reflected, I think, in the *State of the Region Report* that the Pacific Economic Cooperation Council released just before the APEC summit. But this can only partially fill the vacuum, and the PECC report, as you would expect, was focused on the economic organization arrangements that are emerging and didn't address the political and security issues that are also important in the region.

I was reading on this recent trip to Asia a new book by Robert Kagan, which is a major reevaluation of America's place in the world, from the colonial era to the beginning of the twentieth century. This is the first of a two-volume study that he's engaging in, and it's a very interesting study. The title is *Dangerous Nation*. Kagan argues that American diplomatic history is full of surprises, because Americans react in ways that we ourselves hadn't anticipated we would react when actually confronted with a situation or event. He cites the movie *To Have and Have Not*, in which Lauren Bacall says to Humphrey Bogart, "I know, I know. You don't give a whoop what I do. But when I do it, you get sore." In Kagan's view, Bacall's line could

summarize 400 years of American foreign policy. Even if that's an exaggeration, it highlights the dangers that can arise when the United States is not fully engaged in developments that have a significant impact on American interests. This is a problem for the Asians, because they have had difficulty getting the levels of intellectual and actual engagement that is needed in order to understand how the Americans are likely to react to a given situation. I hope that we will see some corrective actions in this area in the year ahead.

Let me conclude by just mentioning that in a large sense the region faces two sets of challenges. The first comes from the problem of what I would call failed states. Failed states have not been part of the East Asian economic miracle and are, thus, at risk from extremist forces gaining a greater foothold within the Asia Pacific. The second problem, and one that we have to keep focusing on, is how do we prevent a recurrence of the past destructive cycles of great power, competition, and armed conflict. These are not trivial questions. Unlike the 1990's, when the danger of great power confrontation in East Asia was absent, during this last decade we have seen, and I mentioned them earlier, some issues emerge that if not properly handled could result in very destructive consequences. I can remember on a recent visit to China, a recent visit meaning several years ago but within the time frame during which the United States Asia-Pacific Council has existed, in a meeting with a top Chinese leader, he was talking about the possibility of war. So we can't brush these factors aside. Obviously, a great deal depends on how relations among the United States, China, and Japan are managed. But in Asia, we have to remember that even though we have these great-big heavyweights, other countries in East Asia are significant in their own right, with large populations, vibrant economies, and rising standards of living. These are not countries that one can ignore by simply focusing on the great power relationships. What really stands out in East Asia are the more successful efforts by the countries of the region to recognize potential problems and to begin developing measures that prevent adverse developments from going too far. In a way, I think that's what we saw in Prime Minister Abe's

visits to Beijing and Seoul. He recognized that it was not in Japan's interest for relations with those two countries to continue to deteriorate. But the problem is, while an East Asia community can help to stabilize reasonably cooperative relationships, it can't deal with great power rivalry issues. Communities aren't that effective when the frictions really start emerging in a serious way. So as we think about the future of the region, we have to keep our minds open to the question of whether new security arrangements or new organizational arrangements, whether political, economic, or security-focused, are desirable in order to make sure that the positive elements in East Asia are far more significant than the dangerous elements. Everyone recognizes that no country's interests would be served by a polarized East Asia marked by serious tension among the major powers. In my view, continued constructive U.S. engagement in the region can be a positive force if it is aimed at reducing mistrust and enhancing regional cooperation and prosperity. I hope that our discussions today will contribute to our thinking on that process. Thank you all very much.