

# **Center for Strategic and International Studies**

## **“Press Briefing: Previewing the East Asia Summit and Asia-Pacific Economic Cooperation Summit”**

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COLM QUINN: So I'd like to just begin. My name's Colm Quinn I'm the director for new media and audience development here at CSIS. And I'll be moderating today's press briefing. Thank you all for coming. I just want to give you a quick note for housekeeping. We will be transcribing this discussion. So when you are asking your questions, if you want to identify yourself and your outlet, make it easier on you, we will then be sending out that transcript later on today.

So let me introduce my colleagues who will be speaking today in this order. To my immediate left, Matthew Goodman. He's senior vice president and our Simon chair in political economy. He's also a senior advisor for Asian economics. And he was the coordinator for the APEC and East Asia Summits, and including the G-8 and G-20 summits in the Obama White House. To his left is Amy Searight, senior advisor and director in the Southeast Asia program at CSIS. Bill Reinsch, senior advisor and Scholl chair in international business at CSIS. Rick Rossow, senior advisor and Wadhvani chair in U.S.-India policy studies, and Chris Johnson, senior advisor and Freeman chair in China studies at CSIS. And then joining us on the phone is Victor Cha, who is the senior advisor and Korea chair at CSIS. And so we'll all be hearing from them today.

To start us off, Matt, please.

MATTHEW P. GOODMAN: Sure. Thanks, Colm.

So Vice President Pence heads off this weekend to Asia for the annual troika of summits. That's the reason – you know, the organizing principle of the trip. He's going to the East Asia Summit, the U.S. ASEAN summit, and the APEC event – the Asia Pacific Economic Coordination leaders meeting. So he'll be in the region for about a week. This is something the president normally does, but President Trump opted not to do this trip and to ask Vice President Pence to do the trip.

So I think, to me, the overarching theme here is that the vice president is going to face some skepticism from particularly allies and partners in the region. And those, I think, are in sort of three areas of skepticism. One is concern about some of the statements and actions that the Trump administration has taken, you know, criticism of allies, skepticism about multilateral approaches like the things that are going to be done in these summits. New interest in China policy, following Vice President Pence's speech in early October that was quite strong in tone. Particularly in Southeast Asia, there are going to be questions about that and concerns about that.

And then obviously the withdrawal from the Trans-Pacific Partnership, from the Paris climate accord I think have raised questions in the region. Of course, the use of tariffs against allies as well as against China are a source of concern. And then there are certain questions about North Korea policy that the vice president will encounter in places like Japan, for example, which I think has some different interests there. I mean, in addition to the shared interests about proliferation and missile development, I think there's some other specific issues Japan has questions about. So I think that's one set of – one reason for the skepticism that the vice president's going to have to address.

The second reason for skepticism is the Free and Open Indo-Pacific Strategy, which was the headline the President Trump announced last year on this same trip when he was in Vietnam and gave a speech at the APEC CEO's summit, and used this phrase, the Free and Open Indo-Pacific Strategy, which has now been, you know, fleshed out to some extent by other administration officials, including Secretary of State Mike Pompeo in a speech to the U.S. Chamber late July.

But I think there are questions about the content of the Free and Open Indo-Pacific Strategy. The headline resonates well in the region, but the details are unclear at best and there are some concerns, particularly on the economic and trade side where, because of the withdrawal from TPP and its non-replacement by another credible regional trade strategy, I think there are a lot of questions about that.

But I think you'll see the vice president trying to address those things by fleshing out some of the points that were raised in the Pompeo speech, like digital connectivity, which was a specific item that the secretary of state mentioned, infrastructure, energy, so these are areas that you should expect to see some discussion of by the vice president when he's out there.

The third reason for skepticism or questions is the fact that it's the vice president and not the president. Because as you've probably heard us on this panel say before, in Asia, 80 percent of life is showing up and they watch that stuff carefully, particularly in Southeast Asia. So I think they're going to – he's going to – he's going to face those headwinds.

But the other way to look at this is there's a – there's a real opportunity here for the vice president to try to flesh out some of these points and convince folks that the approach – that the United States is committed to the region, that the Free and Open Indo-Pacific does have content and that, you know, essentially, the U.S. is there for allies and partners. And so I think there's a – there's a big opportunity here, but a lot of attention will be paid to this.

Let me just say one word about the Japan stop, because Mike Green, our Japan chair, couldn't be here today, so he asked me actually to wear a kilt to represent him. (Laughter.) But unfortunately, mine's at the cleaners.

So I think Mike would say that the purpose of the Japan stop is to reassure Japan of the U.S. commitment to the alliance and so the alliance will be central there. There will obviously be an interest in discussing – for the vice president to discuss with Prime Minister Abe North Korea, China, regional security issues, maritime security issues. I don't think there's going to be much on trade. The vice president has been reluctant to engage even in the formal process that was established between him and the finance minister and deputy prime minister, Mr. Aso. I don't – and because we're in a kind of cooling off period on the bilateral trade agreement, there probably isn't going to be too much discussion of trade.

One other highlight of this stop that's interesting is that the vice president requested and got a joint press availability with Prime Minister Abe, which is, you know, an unusual thing because it's not a protocol match, but the Japanese gave the vice president that, so that's probably the public thing to watch on the Japan stop.

OK, with that, I'll pass it on down the line in sort of roughly chronological order.

So, Amy.

AMY SEARIGHT: Yes. Thanks, Matt.

So from Japan, Vice President Pence will travel to Singapore for two of the – of the major ASEAN Asia summits. The first will be a U.S.-ASEAN summit where he'll meet with all 10 leaders of the Association of Southeast Asian Nations. And then the major event is the East Asia Summit which

brings together the 10 ASEAN members as well as eight other countries – China, Japan, South Korea, Australia, New Zealand, India and the United States and Russia.

Singapore has been chair of ASEAN this year, so it's hosting the East Asia Summit. And there have been two big priorities for ASEAN this year, so a lot of the news coming out of these meetings is going to be focused on these two issues. So ASEAN is going to meet as a grouping before Singapore convenes the East Asia Summit.

And they'll focus on the South China issues. There are discussions with China over negotiating a draft code of conduct. There has been some modest progress towards negotiating a draft. It still has a long way to go, there are some major disagreements, but this is something that ASEAN has been pushing for for over two decades and China has been very reluctant to move forward. Some momentum began to build in 2016 after the arbitral tribunal made an award that was very favorable to the Philippines and has sort of brought China back to the table.

So there's been a lot of work by Singapore to try to push this code of conduct closer to a conclusion. So there's now a single draft text that will be the basis for further negotiations that was announced during the ASEAN-China summit in August. And so there will be some talk about that, but we don't expect any further announcements. And as I say, it still is a – is a ways off.

For the United States, the main concern is that the text does not – that the draft – the code of conduct that emerges does not impinge on the rights of third parties. The United States has been very supportive of the idea of ASEAN and China concluding a code of conduct, but it has strongly suggested that a code of conduct should be binding to all parties. And the concern now is that there has been language inserted by China, according to reports, that would seek to limit U.S. presence in naval exercises and energy exploration without the consent of all parties, which would include of course China. That's unlikely to make it into a final draft, but it's quite possible that Vice President Pence will make some messaging around that.

The second big issue is on the trade front. Of course, against the backdrop of having six of the – of the – of the TPP-11, the Comprehensive and Progressive Trans-Pacific – newly renamed – now have ratified that agreement. And so now it is slated to come onboard by the end of this year, December 30<sup>th</sup>. And there's been a lot of focus also against the backdrop of uncertainty about U.S. trade policy and the growing tariff skirmish between the United States and China.

There's been a little bit more political will to try to push forward the broad regional trade agreement called the Regional Comprehensive Economic Partnership, which includes all of the ASEAN countries plus six additional countries: Australia, New Zealand, China, Japan, South Korea, and India. So it's basically all of the East Asia Summit countries minus the United States and Russia.

Singapore has tried very hard to use its chairmanship year to push this agreement towards a substantial conclusion. But India has been the holdout all along, really reluctant to give significant concessions in particular because next year is an election year for Prime Minister Modi. And there's been disagreements – particularly with India, but even with some other members – about the level of ambition for tariff liberalization and other trade rules. So it looks like they're not going to get quite the conclusion they want to be able to announce at this meeting, and it means that this RCEP trade agreement will probably drag on into next year and likely beyond. But there will be a lot of discussion around that as well.

So, as Matt said, Vice President Pence will be giving a speech at his next stop, at APEC. And in his engagements with his ASEAN counterparts and other bilateral meetings that he'll have at the East Asia Summit, and at his intervention at the East Asia Summit, I think the countries in the region are going to be looking for a reassuring message that gives a little more detail about what the Free and Open Indo-Pacific means for the U.S. commitment and vision for the region.

There's some concern about U.S.-China policy, the growing – the intensification of U.S.-China strategic rivalry. You know, on the one hand, countries appreciate a strong U.S. presence – security/strategic presence in the region – to balance against overly assertive behavior from China, but they also are quite concerned about the prospect that tensions might really escalate into something more serious. The recent close encounter of the U.S. Navy destroyer with the Chinese naval vessel caused a lot of concern in the region about tensions rising in the South China Sea. And countries, most importantly, do not want to feel like they are forced to choose between partnership with the United States and partnership with China.

So I think that it's an opportunity for Vice President Pence to give a reassuring message along those lines, that the Free and Open Pacific – the Free and Open Indo-Pacific is fundamentally a strategy about maintaining an open, inclusive architecture that is supportive to everyone.

WILLIAM ALAN REINSCH: Well, my task is to talk a little bit about APEC and trade, and I don't have much to say. Expectations are low, and they probably won't be fulfilled anyway. So there's – (laughter) – I can – I can be brief.

MR. : Happy Friday, everybody! (Laughter.)

MR. REINSCH: Some of the important elements have already been mentioned better than I could do.

The vice president's role, I think, has been well-outlined. He has a major speech at APEC to the CEO Summit, which is in parallel to the leaders' summit. And he will try to do exactly what Matt and Amy said, which is try to reassure people about the continued U.S. commitment to the region.

That is – ends up being one of these issues of, you know, words versus deeds. As Matt pointed out, the president pulled out of TPP his third day in office, and probably more important has not really replaced it with anything material. They replaced it with the name of a strategy, but they haven't put meat on those particular bones.

So I think that he will probably say the right thing and try to provide some reassurances, and in that sense set I suspect a different tone than the one he set here when he spoke at the Hudson Institute – Hudson Institute several weeks ago. Whether the other countries will be reassured or not I think is less clear because the United States' position on the ground, at least on the economic front, continues to suggest lack of a strategy. So we will see how that plays out.

For the conference itself, the theme is harnessing inclusive opportunities, embracing a digital future. APEC's strength over the years has been the promotion of regional integration, largely through the development of what might – consensus over what might be best characterized as best practices in selected areas. These take a long time. It's a little easier than trade negotiations because they are best practices and goals and principles rather than enforceable outcomes. But even there they take a long time, and in the digital space are likely to take a long time because it's clear already that a number of

the participants, particularly China and the United States, have very different views of how the internet should operate and how the internet should be governed. And I think you'll probably see some reflection of that in the discussions at APEC.

One of the things that APEC has done in the past, which I hope they will be able to advance at this summit and also next year in Chile, is their CBPR, or cross-border privacy rules, which are basically a construct for trying to encourage companies to adopt consistent and harmonized privacy rules. This has had – made some inroads. Countries are signing up to this. And to the extent that the summit can further that exercise both this time around and in future years, that will be a good thing. It's not really compatible with the Chinese approach to the internet in particular, although APEC, all the members have subscribed to this in the past. So how – where this goes will be interesting. I don't expect a lot of excitement, but to the extent that they can make modest steps in this – the direction of furthering the utility of this would be a good thing.

In addition, there's been some talk that they will be able to put out – that is, publish – something they've been working on, which is something that Matt alerted me to and I've had to try to figure out information about it: their Services Trade Restrictive(ness) Index. This is not unique. The OECD did this. The WTO Secretariat did this. The World Bank has done this. These are exercises that are an attempt to identify trade-restrictive practices in the interest of greater transparency and in the interest of hopefully eventually leading to negotiations in various fora that will attempt to put some limits on the practices. The fact that APEC is doing this is good. If they can get agreement to put it out publicly, that would be even better. It's a long way from that to actually accomplishing something in terms of eliminating some of these practices, but I think what APEC has been good at over the years is successions of small steps that eventually lead to something. And this would be – I think this would be, you know, a good example of that.

You will also see the standard rhetoric that comes out of every one of these things about regional integration and the importance of the Free Trade Agreement for the Asia-Pacific. This has been a goal for 20 years at least. I suspect – rather think we're not much closer to it now than we were in the beginning. I think it is useful that they continue to restate it and they continue to maintain a commitment to it, even though the steps toward actually achieving it remain fairly far away, and even though the main focus now in the trade area is elsewhere via the negotiation of RCEP, as Amy mentioned, and the question of turning the CPTPP – the TPP of 11 – into an actual operating agreement. It's one of the things that overlays this whole exercise. It will go into effect now December 30<sup>th</sup>, it having been ratified by the requisite six nations, and by then I think there will be one or two more. And I think from an American standpoint, to the extent that is deeper than RCEP, gives signs of being – to the extent it will become operational and a viable entity, a regional trade agreement in the Asia-Pacific area, even without us, is a good thing. Hopefully it will be something that we will come back to at a later date.

So I think that is the trade landscape. Don't expect too much. I don't expect anything terrible. And that may be the best we can hope for.

MR. QUINN: Good. Thank you, Bill. As you can understand it's hard to get everyone in the room at the same time. And so we have one of our colleagues on the phone, Victor Cha, who's coming up on – tight for time. So, Victor, if you could join us now and say your piece, I'd be very happy.

VICTOR CHA: Sure, Colm. Thanks.

So on Korea, there is no stop in Korea on the way to APEC, but Vice President Pence will meet the South Korean leader there. In the case of Korea, they've just come off here in Washington the SCM, the annual Security Consultative Meeting. So I imagine that they'll be reaffirmations of some of the decisions reached there on suspension of exercises, on delineating conditions and procedures for OPCON transition. The one piece that still isn't resolved is SMA, the special measures agreement, which is the burden-sharing agreement between – the cost-sharing agreement between the United States and South Korea for U.S. military forces in Korea.

This year – this is an unusually difficult negotiation. This happens every four or five years. This one's unusually difficult because I think – I think basically the president wants Korea to pay for everything, as opposed to something that's roughly a 50/50 split in the past agreements. But of course, the main topic of discussion, because it's the only topic of discussion when it comes to Korea these days, is North Korea. The trip by Secretary Pompeo to North Korea was – to meet with Kim Yong-chol in New York was cancelled. It's not clear if that cancellation is because of logistics or because of substance. If it's logistics, it's logistics.

But if it's substance, my guess is we really are approaching the point where the rubber has to hit the road on both sides. For the North Korean side, it means actually putting some facilities on the table for declaration and inspection by IEA inspectors on the ground. And from the U.S. side, it's the North Korean demand to lift sanctions if North Korea's going to take those sorts of actions. What's been, I think, of discussion has been the satellite – the main satellite launch facility, the nuclear test site, and of course the old – the old Yongbyon nuclear complex.

The – I think the midterm elections actually may be a good thing for Korean policy, in the sense that there will be many more demands of the administration for transparency with regard to what have been very closed and high-level negotiations that have been really only within a small circle. Not many people on the Hill have been briefed about this at all. So I imagine that there will be many more calls to the administration, both in open and closed sessions, to come and brief more on the policy. And there'll be more scrutiny of any agreements that are reached between the administration and the North Koreans on things like verification, inspections. So in a sense, you know, the midterms are actually a good check against ensuring that Donald Trump doesn't take – doesn't take a bad – a bad deal with North Korea.

But my understanding is that they're still on a timeline for a second Trump-Kim summit. Trump-Kim two, the sequel. Sometime early in the – early in the new year. It's not clear if there'll be a fourth Kim-Moon summit before the end of this year. But as Donald Trump says, it's not to worry because now we have plenty of time when it comes to North Korea. There's no real rush, for some reason. And we'll have to, you know, wait to see when this Pompeo, Kim Yong-chol meeting gets rescheduled.

So, Colm, I'll just leave it at that.

MR. QUINN: Thanks, Victor. If you can – if you can hang out, that would be great, but I know you got – I know you've got time commitments. Back in the room, Rick Rossow, please take us away.

RICHARD M. ROSSOW: Well, India's only half-relevant to this conversation. They are – of course, Prime Minister Modi will be there for the East Asia Summit. But they are not a member of APEC. So I'll focus mostly on relations east, but not so much on the APEC meeting itself.

You know, Modi has got six months left in office, as Amy mentioned, after four-and-a-half years in office. You know, we have some idea on his broad economic and security approaches and what that means for the relationships across Asia.

On economic, you've got a bit of a two-track train. Very pro-investment, the most pro-investment prime minister that I think we've ever seen from India. And you've seen a dramatic rise in the ease-of-doing-business rankings, lifting FDI restrictions, domestic reforms to make it a little bit easier to do business there. But that varies quite a bit with what you see in terms of the approach to trade policy. As reluctant as India's been on trade liberalization over the years, Prime Minister Modi is probably even less interested in trade integration than at least his most recent predecessors. So you've seen increases in customs duties, you've seen India walking away from existing and pending trade agreements; RCEP continue to point out that they're the slowest wheel of the bunch in terms of moving that forward. And I think any agreement that has China at the table, India's going to be very reluctant to conclude because, you know, it is a primary driver of policymaking in India right now is this massive trade deficit they have with China. So I just don't see a robust RCEP agreement that includes both India and China. So take that however you want, either ultimately India gets expelled, ultimately they agree to have a watered-down deal that everybody can agree to. So big differences in terms of how Modi is approaching trade and investment.

On security, continuing and augmenting at least some of the rhetoric on engagement with East Asia, you see it in practice with Japan. I think India ties with Japan have strengthened under Modi. You see some interesting examples where, you know, with Vietnam, with Indonesia, there are a little bit of sparks there as well, but nothing, I think, terribly substantive, but some small sparks there in terms of deepening security partnerships with other members in East Asia, but nothing terribly robust.

So in practice, you know, the government will still talk about its Act East policy, but in tangible ways of measuring it, it comes up pretty lacking. I suspect that, you know, as Modi goes to the East Asia Summit, as he, you know, talks about wishes, desires, delivers remarks, it will probably be very similar to what we heard at the speech at Shangri-La earlier this year – ASEAN centrality, free and open partnership for all, very similar themes there.

I'm going to be watching much more closely the bilat that Modi has with Vice President Pence. Right now, the bilateral relationship has some real headwinds, some real choppy water.

The security relationship between the U.S. and India has been steadily strengthening. And in fact, we just had our inaugural 2+2 dialogue where the U.S. secretary of defense and secretary of state both traveled to India about two months ago and came up with a number of very important substantive agreements. That's well and good, but still, most of it is technology-sharing practice, things like that. We don't have operationally very much happening yet.

But the trade relationship with India has really taken a downturn I'd say in the last eight months or so. You know, the United States is threatening to revoke GSP benefits because of some antitrade measures that India has taken. India is looking at adopting countertrade tariffs after the 232 steel tariffs that the United States imposed, because India is a relatively large steel exporter to the United States. India was added to the Treasury Department's currency manipulation watchlists, and Treasury has indicated they may be taken off before too long. So there's a variety of real problem issues that have arisen on both sides.

The United States is also talking about changing visa regulations, which could impair the relations with India because India is the number-one place that high-tech workers come from under the H-1B program. So some real choppy waters on the trade front.

And, you know, so far, the good things on the security front have remained in a silo and fairly protected, but you don't know how long that can last. So the bilat with Pence is going to be really important because it looks like our trade leaders are supposed to have had a meeting last month or this month itself; that's getting postponed and delayed. So this is one more opportunity to try to see if at least we can hold off on any dramatic actions to impair the relationship while we try to figure out some small steps to resolve it.

So I'll leave it at that and hand it over to Chris.

CHRISTOPHER K. JOHNSON: Great. Thank you, Rick.

It's often unusual when we have these press briefings for the China issue to kind of come up last, but I think it's appropriate in this context because, in some ways, as Monty Python would say, China is, sir, not appearing in this film – at this meeting. And that makes sense because, of course, President Trump is not going, President Xi will be going to APEC, obviously, and there's no way he's going to meet with Vice President Pence, and all of the action, really, will be on the G-20 meeting coming up in Argentina. So that's been sort of what I've been asked to discuss today and to focus on.

I suspect, though, however, that there will be some side effects from Vice President Pence's trip in the region. You know, it's quite striking that the fact sheet that the White House put out earlier today indicated that one of the main messages the vice president will be highlighting is that efforts at authoritarianism, aggression, and disregard for other nations' sovereignty in the region will be opposed firmly by the United States. I don't think he's talking about Indonesia. That's my – (laughter) – that's just my guess. He's talking about China.

And I raise that because, you know, with so much attention on the trade conflict between the U.S. and China, sometimes we forget that there's a pretty serious deterioration in the strategic relationship going on as well. And I think this is probably likely to fuel further, with greater injection of strategic instability into the most consequential bilateral relationship in the world. So I think that's something that then becomes a real focus for when President Trump and President Xi sit down with each other in Argentina, as much as, of course, the focus will be on trade.

And so, to sort of look at the dynamics there, where did this strategic instability come from? Well, primarily it's come from a series of actions from the administration, and most notably the vice president's speech that he delivered here not too long ago. And particularly the key line in there where he indicates that Taiwan, by choosing democracy, has made the right choice; implicit in that, of course, is that China has made the wrong choice, and that its authoritarian system of government is illegitimate. That is a very serious thing for the United States to be saying at the vice presidential level, and it's causing a lot of alarm bells to go off in the senior leadership circles in Beijing.

And so I find it quite striking, for example, that this very day, today, we're having a round of the Diplomatic and Security Dialogue between the U.S. and China. It's quite striking to me that the Chinese approach to how to manage the forward conversation was to have that meeting first, before any further trade discussions. That tells me that the disorder in the strategic – the broader overall strategic relationship is of much greater concern to the Politburo than the tit-for-tat elements of the

trade war. And so that's, I think, very noteworthy, and the administration could use to understand that perhaps better than it does.

So where might we be headed? I think, you know, the strategic issues probably will come up in the bilateral between Trump and Xi at the G-20 meeting. But interestingly, we rarely, if ever, see President Trump make any mention of the strategic issues. He doesn't refer to his own National Security Strategy. He doesn't talk about China as a strategic competitor and a revisionist power practicing predatory economics. He talks about how they're ripping us off and things like this, but he doesn't seem to address those strategic elements of – dimensions of the relationship too much. I think that that's in part this idea that he has a unique relationship with President Xi Jinping, a friendship that they have that he's trying to maintain. And the rest of the administration can sort of make a lot of these noises, but he doesn't do that. I think the other part is his real focus, of course, is the trade issue and how to manage that with China.

And so the real question, I suppose, is: Will we make a deal of some sort at this meeting in Argentina? I think the first question is to understand does the United States want to make a deal, and that's a very hard question to sort of sort out. I think we're seeing right now, kicked off by the president's tweet last Thursday about his good conversation with President Xi, there's another round of what I call inside the administration intermural gymnastics – (laughs) – that are occurring. You know the players. We have, you know, Secretary Mnuchin, Mr. Kudlow, and a few others lined up on one side, sort of advocating for some sort of a deal; Ambassador Lighthizer, Mr. Navarro – as just heard here at CSIS earlier today – and others opposing the bad deal, sort of like what Victor was saying on North Korea. And so, you know, as it always does, it's going to come down to President Trump.

And then there's a question that no one seems to be asking, which is that does President Xi want a deal? There's just an automatic assumption that the Chinese do want some sort of deal. I think it's – we have to acknowledge the possibility that maybe they don't, or at least not under these conditions. If you look at these comments that President Xi has been making in recent weeks domestically about sort of self-reliance, autarky, indigenization of technology, these sort of things, you know, it's not just pure propaganda; at some level he believes it. And so unless the conditions are right, from his point of view, I'm not sure he wants a deal.

So that leaves us in a position where probably the best we can hope for is what you might call a framework agreement to emerge. And what do I mean by that? I think it's a decision by both sides, let's bring the temperature down a little bit, particularly on the strategic side, but also on the trade side by probably freezing existing tariffs in place; perhaps rolling back some if the Chinese do some market-access-opening measures here pretty darn quick, because we're running out of time before the meeting; and a decision by the two presidents at their level to empower their respective appropriate people to start what will be a very tough and prolonged negotiation because there's a lot of serious issues on the table.

So let me stop there.

MR. QUINN: Thank you very much, Chris.

I'd now like to turn to your questions. We also have some of your colleagues calling in on the phone, and I'll be coming to you as well. So if anyone in the room – yes.

Q: OK. Thank you. Katie Wong (sp) with NDT TV.

I just want to follow up a couple questions on China. First, because this midterm election just finished, so do you expect any change of the policy from the administration towards China, like the trade policy? Will the current policy continue? And also, for this Strategic Security Dialogue between U.S. and China, do you expect anything can come out of it, anything solid out of it? Thank you.

MR. JOHNSON: Great, thank you. On the midterms, you know, there was a lot of perception, I think, in China earlier on that perhaps if the Democrats had a big win and, you know, the House changed hands, and maybe the Senate as well, that perhaps President Trump would be wounded somehow or that there might be a lessening of pressure. My impression is that closer – the closer and closer we got to the election, the less and less they believed that. And I know a lot of Americans had gone and told them, look, this is not the case.

And I think that, you know, what we're seeing here in D.C. – and I think it's important to emphasize here in Washington, because if you visit other parts of the country you don't necessarily see this dynamic – is a fundamental ground shift in the way that people think about China. And so the Democrats in a lot of cases now sound a lot like their administration opposite numbers, and I don't think we're going to see a particular lessening. And in fact, typically when a president loses the ability to move domestic legislation at home, they start to look to foreign policy for their achievements. So I would expect the president to be thinking a lot more about that going forward, and China's going to be a fundamental focus.

On the Diplomatic and Security Dialogue, I think expectations are low. To some degree the mere fact that the meeting is occurring is the – is the benefit. And that's primarily because, of course, we had a postponement of what was supposed to be a round of this dialogue in Beijing about a month ago. So the mere fact that they're sitting down to have, you know, this sort of more strategic discussion is helpful. I don't think we should expect any tremendous initiatives. In some ways I think the Chinese main objective was to get State Councilor Yang an opportunity to meet with the president. Doesn't look like that's going to happen, and so that's probably going to not be super well received back in Beijing.

Q: Thank you. Peter Nicholas, Wall Street Journal.

To elaborate on something you mentioned earlier, is the absence of President Trump – will this be perceived as a snub on the part of some of the nations at these summits? And is there anything vice presidents can say or do to try to make up for this, or?

MS. SEARIGHT: I think there's sort of two schools of thought about the vice president going in the president's stead. You know, one school is it's not a big deal. This has happened before. Vice President Gore attended two APEC summits. President Obama sent Secretary Kerry to the two Asia summits after we joined the East Asia Summit. Usually those were last-minute cancellations because of domestic crises or some kind of crisis, so the fact that Trump announced this far in advance is a little different. But, you know, again, no big deal.

Another part of that argument is these meetings are not all that critically important. It's not like big outcomes emerge from the discussions on the ground. They're very scripted. They're very kind of tedious, usually. So most presidents don't particularly enjoy sitting in them.

And then the third aspect is, you know, looking at President Trump's recent behavior in various summits, from the G-7 summit and the NATO summits, you know, some people think it's better for the vice president to go – (laughs) – less disruptive, perhaps less risky in terms of – in terms of those kinds of dynamics.

You know, I think our view – certainly my view is that it really does matter; that, you know, at a time when the administration is trying to put forward this Free and Open Indo-Pacific as a premiere kind of strategic vision in U.S. foreign policy and trying to make the case that this is a region of great strategic importance to the administration. The fact that President Trump won't be there will be perceived – I don't know as much as a snub – but it will be perceived as, you know, the United States is not as committed to the region as other countries, because all the other leaders will be there, with the only other exception being President Putin. And you know, Russia is not as important to many of these countries as, you know, the United States is – having the president show up.

So I think the president not showing up will send a message. It will undercut the seriousness with which countries in the region will take U.S. long-term commitment, and this Free and Open Indo-Pacific that, as Matt mentioned, there already is a fair amount of skepticism about. So you know, could the vice president show up with – you know, could he do that to sort of overturn that? Well, I suppose if he came not only with a reassuring message – which I think he will have – but with a really big basket over hefty deliverables that really tries to show the United States is, you know, really going to – you know, put skin in the game, and really commit to some things. That would be one thing. But we don't anticipate that, because there are not big economic deliverables on the table beyond what Secretary of State already announced. There's no big security deliverables. There's a little bit more funding for security assistance, but there's no big security initiatives to announce. So I think there's going to be some disappointment.

MR. CHA: Can I just add something? Colm, can I just – it's Victor – can I just add something to what Amy just said.

MR. QUINN: Please, go head, yeah.

MR. CHA: Yeah. And that's that, you know, APEC is all about the picture, right? It's about that picture with all the leaders in whatever funny garb that they're wearing. And, you know – you know, a number of people in the room have been to these things. And based on protocol, the vice president's not going to be – he's going to be at the end in the back somewhere, right, while Xi Jinping is going to be standing right next to the – you know, to the host or something. So it's – overall, it's just a very bad optic when we don't show up. And, again, I've been part of administration where they haven't shown up too. So I think Amy is right. I mean, he'll be there. And there are small things that they'll be doing. But the overall message is going to be there's disinterest and it's not a priority. And that's not good, given the broader context of what's happening in Asia.

Q: Can I follow up, one question? So under President Obama we saw a pivot to Asia, which got a lot of attention. How confusing must it be to some of these Asian countries to see President Trump not even showing up after the U.S. proclaimed that it was going to make a pivot to Asia?

MS. SEARIGHT: I mean, I think it is fair to point out that President Obama did miss one of the East Asia Summits, in 2013, and the APEC summit in 2013, in Brunei and in Indonesia, respectively. But that was in the midst of a budget crisis, you know, a threat of a government shutdown. And so he

sent Secretary Kerry. He did attend all of the other summits, you know, on his watch. President Bush had a perfect attendance record for APEC during his eight years in office.

So, yeah, I think the Free and Open Indo-Pacific, to a large extent, was an attempt to sort of rebrand the rebalance, to reassure the region that this region remains a top strategic priority for this administration as well. And out of the gate, the administration did a reasonably good job in some ways of engaging Southeast Asian leaders for visits to the White House by four Southeast Asian leaders in President Trump's first year in office – Vietnam, Singapore, Thailand, and Malaysia – followed by President Trump's very long trip to the region to attend – to attend most of these summits. This year, it seems like that momentum has slacked off. And I think it has led to some questions in the region. You know, some skepticism about how important is this region really to this president and this administration?

MR. GOODMAN: Can I just – not to belabor this, but first of all, on Victor's point, having tried to get multiple presidents to put on silly shirts – you know, I'm very – I totally agree with Victor that that is just a critical issue. If you're not standing front and center it's going to be noticed. It's going to be a sign that we're not – we're not there. But the other point I wanted to foot-stomp was the point that Chris made about, you know, it seems like there's a bit of a contradiction that the vice president and the White House are signaling that they – that they intend to come out with a reassuring and a positive message, and they're not going to explicitly mention China, and they're going to try to, you know, not force people to make that choice that Amy mentioned.

But as Chris said, in the press release from the White House, the statement about, you know, authoritarianism, aggression and disregard for sovereignty is so clearly aimed at China, I think it's just going to put a real point, an accent, on the new – it's not new, but it's – definitely there's now been, I think, a clear signaling by the administration since the Pence speech at the Hudson Institute that, you know, that we have this long bill of particulars against China and that we're going to be taking an approach that is really forcing that choice for people in the region. I wrote about this the other day. When we had the U.S. ambassador to the WTO here, he was talking – a couple of weeks ago – he was talking about the fact that there's no middle-of-the-road anymore, you have to pick a lane, you know, and they mean pick China or pick the United States. And I think that overall, the combination of all that is going to raise some real concerns and questions in the region and so – and sort of undermine what I think the administration is sensibly trying to do in signaling through the Free and Open Indo-Pacific that there's a commitment to this region and some – and some meat behind that.

MS. SEARIGHT: And in terms of picking sides, just one last comment. You know, President Xi is not only going to APEC, but at Papua New Guinea, he's going to be holding a meeting with other Pacific island nation leaders, which I think will get a lot of attention, and then he's going on to the Philippines for a state visit. So at a time when, you know, we're asking countries to choose, you know, President Xi is going with his bag of goodies presumably to the Philippines and again we're not showing up.

MR. JOHNSON: And that's an important amplifying comment because, as my colleagues raised earlier, the vice president is not going to talk about trade or not very much he's not going to talk about trade. And in Asia, economics is security, so if you're not playing on the trade issue, you're not playing.

Q: Hi. Christina with TV Asahi.

Kind of bring this back towards Japan, I know that Michael Green is not here, but you did mention that Vice President Pence is not doing the formal trade engagement that is set up with Taro Aso. And I was wondering if you could comment on the fact there was an article today on Aso's comments last year about Hitler and how much that actually is an influence. (Laughter.)

MR. GOODMAN: Nope, I'm not going to do that one. You know, I would – I would, just on the first part of what you said, you know, Vice President Pence was very reluctant to be the principal person responsible for I think probably for any particular policy issue. I think he was trying to take the Joe Biden approach of being the adviser on everything and able to go anywhere. He didn't want to do what I think Vice President Gore, for example, did of being in charge of the Russia relationship here or government reorganization there. So I think Vice President Pence had to be arm-twisted to join this. It was Prime Minister Abe who really wanted that high-level engagement. And so it was never a comfortable arrangement and the dialogue, the economic dialogue, the Pence-Aso economic dialogue never really had much in it. And it's now been effectively subsumed by these bilateral trade talks, which they're still debating what we're actually doing here, whether we're actually doing an FTA or a TAG, a trade agreement in goods, or a banana or I don't know what we're going to call it. (Laughter.) But there is disagreement about that. And I think that just Pence does not want to engage on that stuff, so it's much more about that.

And, you know, that controversy you mentioned, you know, again, I'm not going to go there because it's just too – there are too many booby traps there.

Q: OK, if I can follow up on a more practical note. For the potential trade talks with Japan, who is emerging as the voice on that in the U.S. government? Yeah.

MR. GOODMAN: Well, Bob Lighthizer, no question. I mean, you know, Lighthizer seems to be clearly in control of the trade policy agenda or operationalizing it, although, as we saw from Peter Navarro, he has opinions about it, it turns out, about trade policy. But I think Lighthizer is clearly operationally in charge and he's the one rolling out the strategy in the WTO with Japan and the EU and this sort of trilateral effort on these key issues of subsidies and state-owned enterprises and digital technology and so forth.

And he's clearly the one – obviously, he did NAFTA renegotiation and will be behind the bilateral with Japan. I think the question about the Japan thing is, again – and I was sort of joking about the title, but the serious point is I think it's unclear whether the U.S. really wants to drive beyond kind of the core issues, which I think President Trump and Bob Lighthizer have with Japan, which are really twofold.

There's agriculture market access in Japan. You know, they're getting a lot of pressure, I think from beef and pork exporters who see that Australia and the EU are going to get favorable treatment in Japan under the respective agreements, the CPTPP and the EU-Japan deal, and they want that market. It's a big market for them. And so that's something that the administration clearly needs to address, and Japan's ready to do that – I mean, seems ready to give the same level of access because they've already gone through the politics in Japan.

And then the other problem, which is much more difficult, is autos. I mean, this has been, you know, at the center of our economic and trade relationship for years. And actually, what I'm going to do is I'm going to turn to Bill because I think he has better thoughts on that than I do.

MR. REINSCH: Matt is right, Lighthizer is going to be the one who ends up with this. He has a statutory responsibility. He has a relationship with Congress, which is protective of its role in trade policy. He's going to be spending probably a lot more time with the Ways and Means Committee in the next Congress than he did in this Congress because the Democrats have faulted the administration on process. That allows them not to have – fault them on policy, saying, you know, not enough consultation, not enough transparency, et cetera, et cetera. So expect lots of hearings. Expect lots of letters. Expect lots of meetings. And they are mostly going to be with Bob, and he will be in charge.

I think the – this particular negotiation will end up being about auto quotas. If you look at what the president – it's all the president talks about. It's cars and steel. I mean, he talks about agriculture when he's meeting with farmers, and it ought to be an important issue because obstacles to U.S. agricultural exports in Japan remain significant. Dropping out of TPP made it worse. Not only are we not getting the benefits of TPP; we're being replaced in the marketplace because they've cut a deal with the European Union. So the smart thing to do is to try to get some of that back. But I would bet a decent amount of money that it's really going to end up being about car quotas, and I think it's fair to say the Japanese government has figured that out and is very concerned about it.

MR. QUINN: Yes.

Q: Thanks. Owen Churchill with South China Morning Post.

Maybe a question for Chris. I wondered how prominently you envisage the Belt and Road Initiative featuring at the summits, either on the agendas of the U.S. or other participating countries, particularly in light of the fact that it seems to be – there seems to be a move from China to increasingly legitimize the program, partnering with high-profile partners like Japan.

MR. JOHNSON: I think it'll definitely feature, probably more in the background, maybe, than the foreground. But I think, you know, the administration's been pretty clear in connecting the program with predatory economics. I mean, you know, they see them as one. That message is likely to continue. And to be fair, I think it resonates in some way. You know, we do have some serious problems with how the debt traps, as they've been described, that result from some of these projects are dealt with.

It's a big issue in Rick's neighborhood, so maybe I'll have him comment a little bit as well. But I don't expect either the vice president or really President Trump to mention it directly, you know, to Xi Jinping. I do expect it to continue to be the drumbeat, you know, as, you know, after comma three – (laughs) – in each of our statements.

I guess the one thing that I'm watching for which I think is important is every now and again you kind of get a little hint that maybe the administration is considering coming out and formally opposing Belt and Road, as opposed to just sort of describing it in the background. I personally feel that would be a significant mistake because, as we've all been discussing, the message it sends to the region is we know you have these infrastructure needs, but we're not playing.

So do you want to say anything about the South Asia?

MR. ROSSOW: I mean, I expect – this is one of the areas that Prime Minister Modi's been a little bit more comfortable talking about their interest there. India actually was the first major country to come out and oppose Belt and Road, and this line about predatory economics was something that

they kind of coined. And it took most other countries, including the United States, almost a year before they sort of caught on there. Prime Minister Modi's speech in Shangri-La, same kind of thing. So I expect they'll keep that drumbeat alive.

They've got, you know, as Chris was kind of indicating, examples in their neighborhood – Sri Lanka in particular – where they've seen the result of this. And the big fear that they've got is the China-Pakistan economic corridor and what that might mean. Gwadar Port's coming up. You know, little commercial likelihood that that's going to be a major commercial entity there. So India will keep the pilot light alive on this one, even if I think others aren't.

MS. SEARIGHT: Can I just add one word on that? Just to agree with Chris that if the – if the Trump administration came out in opposition to the Belt and Road in a really explicit way rather than just describing concerns about it, you know, it will be pretty isolated. Aside from India and Prime Minister Modi, I mean, pretty much all the other countries have come onboard and supported it. We've seen Prime Minister Abe now in a certain way kind of embrace it, although, of course, trying to raise the standards to, you know, high-quality infrastructure development, but certainly not opposing it. Australia has been very supportive of Belt and Road in many ways.

And in Southeast Asia, I mean, you're going to continue to see a lot of support. When President Xi goes to the Philippines for a state visit, there's a lot of expectation that they're going to sign – the Philippines will sign a memorandum of understanding for Belt and Road Initiative with China. Malaysia, of course, a new prime minister, new-old prime minister, Mahathir, has expressed a lot of concerns and renegotiated or dropped some deals with China, but even he doesn't want to walk away from, you know, economic cooperation and investment from China. So it would be – it would be a very isolating move, I think, in the region.

MR. GOODMAN: Sorry again to pile on, but I think there's one other point. I totally agree with all of that. And if we did oppose Belt and Road, I think it would be a serious blunder. But the good news is, and to the administration's credit, they worked to push with Congress this BUILD Act, the acronym for which I can't remember, but it's basically the supercharged OPIC, which, you know, doubles the size of OPIC and allows it to do more of the things that a JBIC, the Japanese equivalent, can do in terms of infrastructure finance. And I think that's a significant thing which will give the vice president some credibility. As he says, we've got an alternative here to Belt and Road.

And there's definitely demand in the region for the U.S. to play in this space. I was in Myanmar earlier this year and you heard all the time that, you know, we're not eager to fall into the embrace of China, but the U.S. is not offering anything. And if you would offer something, you know, we'd be glad to talk. So I think – I think this is – this is actually, I would say, it's not going to be talked about explicitly, but I think it's going to be actually one of the most important implicit themes throughout this trip, that, you know, China's out there with this assertive economic diplomacy and some economic coercion and the U.S. is, you know – is the U.S. offering something that's a credible alternative or not? I think that's a big question that's going to run throughout this trip.

MR. QUINN: I'm going to break from the room for a second and just ask our colleagues who are on the phone – Trish, if there's questions on that end, could you please start them off?

OPERATOR: Certainly.

(Gives queuing instructions.)

And we will open the line of Jingsun Lee (ph) with Voice of America.

Q: Yes. Yes. Hi. I have two quick questions. And one is, President Trump, before the midterm election, he quoted and he also talked to the reporters, the media about there would be a bigger deal with China. Is there anything going on on that part?

And the other question is asking about Taiwan, because in the past, we noted that it seems that Taiwanese officials who attended the APEC meeting, they could communicate or talk to the U.S. officials. And since then, China is not – has not protested or complained as much about that. And what's behind this kind of – this thing or show? That's it, thanks.

MR. JOHNSON: I think – was the first question will there be a deal? Is that – yeah, OK, yeah. And I think, you know, as I mentioned in my opening discussion, I think there's some movement headed in that direction. I think there's some concern, you know, we'll have to see, but at some level I interpret Mr. Navarro's comments here today at CSIS as reflecting the concerns that some people have about a potential for a bad deal and trying to create a firebreak maybe to some degree in that regard. I don't know.

So I think the thing to focus on is probably the best that we can hope for, is this idea of a truce, you know, the idea of some sort of comprehensive deal. I mean, I think something – and I think I should have mentioned earlier. I think there's a general understanding in all elements of the administration and in the U.S. business community, too, that, you know, this is actually not something where the two presidents should be having a handshake and saying it's all done. It's an incredibly complex issue with deep, deep details and things that have to be worked out. One line I've heard that I like about it is, you know, think of this as the WTO accession negotiation on steroids. I mean, that's what we're going to have to deal with these very deep structural issues in the bilateral economic and trade relationship and that's not going to happen between now and November 30th.

On Taiwan, I think I don't know anything specific. I think there certainly might be an opportunity. I would expect the vice president probably to steer away from direct interaction with the Taiwan representatives as is sort of consistent with U.S. policy. But it is interesting, as you point out, China's sort of more toned-down approach to Taiwanese representation.

MR. GOODMAN: Let me just add a narrow answer on the – on the Taiwan and APEC situation. So Taiwan does get a seat in APEC under the name of Chinese Taipei. Hong Kong also has a seat. And this is something that was agreed to many years ago under a different sort of regime or different sort of attitude in Beijing about Taiwan's participation. APEC is a strictly economic forum and so Beijing always makes that point and, by the way, before these meetings always sits down with U.S. officials and says remember APEC is an economic forum and that's all we're going to talk about.

And Taiwan, although they do participate, the president of Taiwan does not attend. It's a much more junior official or sometimes nonofficial, a friend of the – of the – of the president or something who comes and sits in that seat. And Beijing watches very carefully those interactions between the American delegation and the – and the Taiwanese authorities, so they're watching, but they tolerate it or they did. They might not have tolerated it – if the question came up today, I'm not sure they would be as enthusiastic about having Taiwan there. But it's a big economy and it's important in the APEC region.

MR. REINSCH: On the first question, the one thing I can guarantee you with certainty is that it's going to be a brilliantly successful meeting – (laughter) – one of the best ones in history, just like the summit with Kim Jong-un, and it will probably have a similar outcome – an agreement to have a negotiation. And I suspect they will each appoint somebody important.

And there will be many people, like Chris, who are much smarter than I am, trying to figure out what the significance of whoever the Chinese appoint is. And on our side, it will probably be Lighthizer. And then we'll see what happens. I mean, the president has created the situation on trade where there is only one decisionmaker and that's him. Everybody else, you know, can say whatever they want, but in the end, the president has gotten immersed into the details of some of these agreements has felt free on a number of occasions to undercut his advisers. So, you know, it's very hard to predict what's going to happen and it depends a little bit on the tweet of the day.

I mean, several of us here went through this exercise in the spring where he announced to the surprise of everybody that he wanted – he had instructed his staff to look into rejoining TPP. And we geared up to figure out how to do that and, you know, that lasted 48 hours and then he popped the balloon.

So right now, you know, we're heading toward a successful meeting for sure. But I think as Chris said, there's so much detail, so many issues, that I can't imagine that they would reach an agreement that has any meaning in, you know, what, one meeting and one dinner or whatever it's going to be. But I think they will start wheels turning that could lead to that, assuming the president actually stays willing to go down that road.

Q: Hi. Shawn Donnan from Bloomberg News.

Just to follow up on this in general, I haven't heard you say that Vice President Pence is going to meet with Xi during any of these summits. Should we expect a meeting at any time, even with someone lower on the Chinese side?

MR. JOHNSON: No, in short.

Q: Sorry. My name is Anshu, Inside U.S. Trade. Sorry, that was kind of awkward.

I was wondering, I guess, if you – if you took it, I guess, from a kind of broader view, if you – if you – if you've taken – if you take together the U.S. withdrawal from TPP and this new bilateral approach and then, you know, coupled with the U.S.-China trade conflict and I think what is seen by some as a desire, by at least some faction of the administration, to force companies to move out of China and break those supply chains without the – without the TPP, which was, I guess, supposed to kind of create a hub for supply chains in the region, how do you see that affecting the economic architecture, I guess, of Asia and the political architecture maybe? Thanks.

MR. REINSCH: Well, to the extent – I mean, it depends a little bit on how companies respond to what the president is trying to do. If you – let's hypothesize – I mean, not everybody agrees with your analysis of what our policy is. I think you're right, but I need to say that not everybody agrees with that. But let's hypothesize that what we're trying – what we, the United States government, is trying to do is to encourage companies to delink from the Chinese economy. That has two kinds of – I think a number of impacts on the regional – well, eventually the architecture, but certainly on the regional economy. To the extent the administration is successful, companies will – and their

instrument is – their instrument is tariffs. And the other instrument is retaliatory tariffs that are imposed in response to ours, which create kind of a double blow for some companies.

So what you're going to see, I think, are American companies looking around for other locations. Not everybody. As I've said in other contexts, if you build a \$3 billion fab plant in Shenzhen two years ago, you're not going to turn off the lights and open a new one in Austin next week. If you're in the – you know, if you're in the t-shirt business, maybe you're going to – you can move fairly quickly and easily. So not everybody is going to do the same thing. But you'll see a drift away from China, in order to avoid the tariffs. The obvious place to look is elsewhere in the region, primarily to the south.

You will also see, probably faster, Chinese companies trying to do the same thing. And I think that's one of the things that their government has to worry about, them relocating for the same purpose. That produces potential beneficiaries elsewhere in the region as people gravitate. I think CPTPP will have the same effect over time. That is, these days trade is really about supply chains and developing or value – global value chains. And if you're going to have a regional trade agreement, it's better to be inside the chain than outside the chain, because if you're inside you can take advantage of the tariff-free status amongst the parties.

Now, the 11 is not as big a chain – is not a big a unit as the 12, but it's still significant. You know, Japan is there. Australia is there. And it's going to get bigger, in my view. There's a lot of incentive to move inside the chain. And so the countries that are already in – I'm sorry, I don't mean inside the chain – inside the region. The companies that are – the countries that are already in, I think, will benefit from people moving. And I think architecturally that's going to encourage other countries to join. Eventually, possibly, including China. I think that's well down the road, but it's – you know, they're not stupid about this. And as they see companies moving to take advantage of these rearrangements, that's something that they're going to be thinking about.

So I think long-term it has architectural implications. Medium-term it has clear economic implications. And there will be other countries in the region that will benefit. You may want to add to that.

MS. SEARIGHT: Well, yeah. Can I just add – because you mentioned, you know, political impacts and regional trade architecture. And, you know, I completely agree with Bill in terms of the supply chain effects, and kind of the commercially driven supply chain effects are one way that architecture sort of forms. But the other way is through these political agreements. And, you know, I agree with Bill that CPTPP is going to be very significant, and other countries are going to start to take a look at it and want to join. There's already quite a few countries that have expressed interest in acceding to that agreement. So we'll start to see that – those discussions happen.

But RCEP is another one that could have a big political impact, in the sense that, you know, if RCEP does come on this, this is 16 countries, nearly 40 percent of the world gross domestic product and half the world's population. Now, it's been rightly criticized for being much thinner in terms of the rules and the tariff liberalization than other free trade agreements, most especially CPTPP. But it is vast in terms of its scope. And it means that all of these countries are in the room together discussing trade rules and trade integration. And it creates a mechanism to continue to have those discussions. So conceptually it just really kind of creates more of a sense in the region that there are a lot of countries that are working together towards trade, cooperation, and economic integration. And the United States

is not in that room either. And I do think that could have a big kind of political, conceptual impact over time as well.

MR. GOODMAN: Can I just throw in a monkey wrench or a follow-up question on your behalf? Which is about – which is – because when you talk about RCEP, I think there's a question that's being raised. And I'm hearing it from the Japanese and the Singaporeans and others, about whether this so-called poison pill provision in the new NAFTA, the USMCA, that says that basically if one of the parties starts negotiating with a non-market economy – which, you know, again, is not Indonesia; China, in other words – then the other parties have a right to pull out of the agreement. Substantively not a big deal since you can pull out for other reasons, but the others in the region – Japanese and Sings for sure – are saying, well, does that mean that if we do an RCEP deal that has China in it that we're going to be somehow, you know, at risk vis-à-vis the U.S.? So the U.S. has thrown another kind of monkey wrench into this calculation. I'm not sure how that's going to affect the ultimate. I think India's going to be the bigger factor in whether RCEP gets done or not, but it's just another sort of question mark or cloud over this whole conversation.

Q: Yeah, what do you guys think about the prospects for RCEP conclusion? I mean, I think they say every year we're going to get it done this year. So I had heard that Japan might be willing to accept maybe some lower ambition, but – and then India, obviously, very scared about liberalization vis-à-vis China. So what do you think about RCEP completion?

MR. ROSSOW: Yeah, India, I think, has got a pretty hard line on this. They're playing along. They're going to meetings. They say that they want it concluded as well, but in practice they clearly don't. They won't sign a substantive agreement. They will sign a non-substantive one or you got to throw them out. I think those are the options when it comes down to India.

MS. SEARIGHT: You don't think after the elections there might be a little more flexibility on India? No?

MR. ROSSOW: No, I mean, you know. And India, I mean, you know, from their policymakers' perspective – and they look at trade similar to how the U.S. administration currently does; the broad number, you know, imports and exports. We're driven up the wall on our trade deficit, you know, which is, what, 2 ½, 3 percent of GDP? India's is 8 percent. India has a 3 percent – 3 percent of India's GDP is the size of its trade deficit with China alone. So, you know, these are primary policy drivers that I don't think – and actually, in the last – I think the first three years of Modi you actually saw the trade deficit start to pinch, but this last 12 months it started to increase again. And it's oil, which it always has been, you know. It's metals. It's – but, you know, consumer goods, electronics and things from China is a big driver there. So I don't – I don't sense post-election, too, that changes too much.

MS. SEARIGHT: I would just say on Japan, you know, Japan's probably top priority is to try to persuade the United States to eventually come back to TPP, CPTPP. But Japan also is, you know, very focused on RCEP because – and so I think you're right that they are willing to some degree to accept a slightly lower level of ambition because two reasons.

Strategically, they very much support the idea of getting India into a trade agreement that includes the rest of the region. For them, India is a very important kind of balancing economic partner, as well as the strategic importance.

And secondly, you know, RCEP would mean that these – that new trade agreements would come online for Japan between Japan and Korea, where there's no trade agreement, and Japan and China. So even from a business perspective, the Japanese trade negotiators and businesspeople really do see RCEP as very meaningful to create kind of one set of rules of origin for the – for the entire region. From a Japanese perspective, that's very helpful for their regional production networks.

MR. ROSSOW: You know, not to spend too much time on the point, but I mean, Japan is the one country that if anybody can push India into a positive mindset, too, it is Japan. Japan is underwriting a huge chunk of India's big infrastructure projects across the country, these huge infrastructure corridors like the Delhi-Mumbai industrial corridor. And this is the whole thing about helping India to try to become more competitive in manufacturing, the area where it's – well, maybe agriculture is even weaker, but manufacturing's pretty weak. So if anybody can try to coax India and cajole India into an agreement that isn't the absolute wateriest agreement that's ever been signed in humankind history, Japan's probably the one place that can do it – but only if they're willing to play hardball and actually make threats: We will reduce our infrastructure. We'll be a less-relevant partner for you in redeveloping infrastructure if you don't come into the deal. I don't know that they're ready to go to the mat on that because, you know, for them the relationship is important for so many other reasons, too, than just getting RCEP done. But that is the one country, if they decide to focus attention, they could probably nudge a lot better than the United States or any other place can on trade deals with India.

MR. QUINN: All right, folks. If there isn't anything more, I just want to thank everyone for coming. Firstly, thank our roster of experts; really, really insightful discussion today. Thank you all for taking the time today to sit with us.

As I said before, we will be sending out a transcript of the event later today, so please take a look at your inbox for that. If there's any reason you need to get on our mailing list, please come up to us afterwards. We can sort that out.

Thank you all for coming.

(END)