

**NWX-WOODROW WILSON CENTER**

**Moderator: Drew Sample**

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**8:30 am CT**

Coordinator: Welcome and thank you for standing by. Participants will have an open line for the duration of today's conference. This call is being recorded, if you have any objections you may disconnect at this time. And if you need assistance during our call please press Star 0 and an operator will assist you. You may begin.

(Takao): Okay. Okay this is (Takao) from (NHK) Tokyo - (TPP) asking. I'd like to ask about the concrete, you know, the about (this visit) this time to Japan. What should be the bottom line of the visit? What kind of agreement should be reached concretely on (TPP)? Thank you.

Shihoko Goto: Hello.

Man: Yes.

Shihoko Goto: Hi, this is Shihoko.

(Takao): Yeah, Shihokosan, this is (Takao).

Shihoko Goto: Oh great. Hi. Okay great. I guess we're waiting for a little bit.

(Takao) Okay.

((Crosstalk))

Drew Sample: Hello. This is Drew Sample from the Woodrow Wilson Center. Can everybody hear me?

Man: Hey, Drew, yes.

Man: Yes.

Drew Sample: Terrific. Terrific. Okay well I think we'll go ahead and get things started. I believe the recording has already started. So this call is on the record in (portable). We're going to be discussing President Obama's upcoming trip to East Asia: Japan, Korea, the Philippines and Malaysia.

We have here Robert Daly, the Director of the Kissinger Institute on China and the United States at the Woodrow Wilson Center; and Shihoko Goto, our Associate for Northeast Asia here at the Wilson Center. And joining us in just a minute will be Marvin Ott who is our expert on Southeast Asia here as well.

So I think we'll go ahead and kick things off. And, Shihoko, if you're on the line and you want to start things off with just a real - brief sort of comments about Northeast Asia portion of it.

Shihoko Goto: Right. Well first of all thank you all very much for calling in. This is a very timely visit for Obama and a lot of expectations are there. Expectations in

Japan are particularly high for Obama's visit that will be the first in over three years.

I think there are two issues really that will be on the agenda. One is security where that US Japan alliance is going regarding in particular the territorial disputes in the East China Sea. Also concerns about US involvement with the that Ukraine and Crimea.

Secondly the other issue that the Japanese will be focusing on is economic issues particularly on TPP, the Trans-Pacific Partnership Trade Agreement, which is having difficulties moving forward, to say the least.

But overarching that is really the whole idea of where does - where is the US rebalanced towards Asia going? And there's a lot of expectation for the United States to follow on its verbal commitments for both military and economic refocus on the region but at the same time there's a lot of concerns that for financial and for limited military purposes that the cannot fulfill on its verbal commitments. Any signals that may indicate how the rebalance may move forward will firstly be something that will be looked at closely.

Drew Sample: Great. Thanks, Shihoko. Robert, do you want to talk a little about China's role?

Robert Daly: Sure. Good morning everybody. Thanks for being on the call. I think that Shihoko has laid out there (part) of Obama's trip and have Korea, Asia and the Philippines very well.

That there is a subtext here which may overwhelm the text itself and that is the question of China's role in the Western Pacific and it's what's usually described not inaccurately but at this point somewhat clichéically at it

increasing assertiveness in the region. That is what lends a degree of urgency to a trip that will focus on strengthening the alliance is with Japan, the Philippines and with South Korea on the TPP the issues that Shihoko raised.

In thinking about the real meaning of the United States rebalance with the Asia-Pacific it's goals and whether - how it has performed to date I wanted to encourage all of you who are going to be writing about the Obama trip to look at a report that came out yesterday called Rebalancing of Rebalance: Resourcing US Diplomatic Strategy in Asia-Pacific Region.

This was a majority staff report from Senator Menendez's office from the Committee on Foreign Relation in the Senate and it lays out some of the difficulties, the contradictions, the problems with perceptions of the region I think quite well. It was a very good piece of work and I wanted to add it to your reading list as you get ready to cover the trip.

There are, as Shihoko implied, a number of questions, doubts about how robust though rebalance to Asia has been and will be going forward. But I was struck - and this is all I'll say by way of opening - yesterday David Nakamura (and the) Washington Post did a preview piece in which he quoted Benjamin Rhodes several times.

And it's not always fair as secondhand to think, always out of context. Nevertheless Rhodes is, as reported by Nakamura as saying, "We have the benefit of knowing what success will look like." I frankly don't know what that means. "And if we achieve it people will think it was worth it."

And then later interestingly Rhodes also said, "Communicating with people is what we really care about. This is what you should judge us on." This is somewhat concerning. People in Asia Pacific and certainly the Chinese are not

listening to speak (about) the communications, they're counting capabilities. They are looking at the commitments and investments. And this is going to be one of the big (attentions) now and it's attention that we will see again when President Obama goes to China, Burma and Australia in the fall.

Drew Sample: Okay, thanks Robert. Marvin, do you want to just a quick intro on Southeast Asia?

Marvin Ott: Be happy to. And I'll endorse my colleague in every respect. Let me just - at the risk of overstating make a sort of bumper sticker point. This trip, particularly from a Southeast Asian standpoint, is in fact a big deal. It is occurring in a relatively undramatic sort of setting compared to what's going on in Ukraine and Middle East (unintelligible) perhaps but over the medium and longer term this is (unintelligible) a strategic assets and the strategic future of the United States to be in play.

China, not Russia, is the emerging strategic clear competitor of the United States. China is (unintelligible) and rapidly rising superpower and it is asserting its new capabilities against a backdrop long sense of historical deprivation and a sense that it is China's time to move back to center stage.

And this is taking the form of a drive - and I'll use sort of harsh terms here - for hegemonic dominance in the Western Pacific and more particularly an expansion of territorial control into the South China Sea. But I'll let others speak to the situation in the East China Sea.

So for the Southeast Asians they are now confronting a no kidding hegemonic, ambitious mass (northern) (unintelligible) and they have to decide how to respond. And the President's trip to the Philippines for reassurance, yes we're with you, okay tangibly what does that actually mean as the Philippines

faces off against China territorially; and for the Malaysians very much in play, and do we bandwagon with China, do we try to stand up to China? If we try to stand up to China that can only be viable if the United States is a real strategic support. Can we depend on that?

And these are the kinds of questions that are going to be on the table. And I will argue that over slightly longer view than the next few weeks this is in fact a very consequential (unintelligible).

Drew Sample: Thanks, Marvin. With that will go ahead and move into questions. Let's start out with (Jim). (Jim), are you there? (Jim Lecher)? No? Okay. How about (Scott Horsely), are you out there?

(Scott Horsely): Yes I'm on the call. Thank you very much.

Drew Sample: Great. Do you have a question for any of our experts?

(Scott Horsely): Well yes. Do you guys want to turn to the...

Drew Sample: Yeah, yeah, yeah.

((Crosstalk))

Drew Sample: Please go ahead. Start us off.

(Scott Horsely): Yeah, could you speak to the territorial concerns in the East China Sea?

Shihoko Goto: When I take first stab at that? Initially this was seen and pitched as a conflict over natural resources that the rocks - the islands that consist in this area had vast natural gas and unidentified minerals. This is no longer the case.

Obviously having access to the seas from the islands is strategically important. But beyond strategy and economic interests it really represents national pride, national identity and a - Marvin talked about this whole idea of how China is challenging the current situation and is seen as a challenge to the existing status quo in the region.

So Japan does not think there is a dispute between it and China over the (unintelligible) Islands. China would disagree. Japan wants to take this to the international court for resolution: China does not.

The United States made clear that it remains a neutral party to it and it wants to keep out as much as they can. But at the same time under the US-Japan alliance the United States would be on the side of Japan (unintelligible) Japan's territories including the islands be - come under attack by the Chinese.

So the situation is very tense. There will not be a resolution to this issue at this visit. We will look for signals as to what kind of mechanisms may be in place should there be some hostility by the Chinese that would question Japan's hold on the islands.

But I think beyond that we really need to (unintelligible) expectations (unintelligible) for a solution.

(Scott Horsely): Thanks. And when you talk about the TPP having difficulties moving forward did you mean at the negotiating table or do you mean more the congressional process here at home?

Shihoko Goto: Both. And I think there have been high hopes that there would be a deliverable at the bilateral meeting in Tokyo. I don't think that is going to

happen. As you probably know there's been a great deal of stalling for the Japanese, the agricultural issues, the rice in particular but also beef, dairy, pork and sugar. And then for the US side (unintelligible) and it's very difficult for either side to be able to give - to move forward on this.

But I'd like to add though the TPP is an integral part of the US rebalance towards Asia. And it really is an opportunity for the United States to take on a tremendous role in defining not only the global trade stage but also taking a leadership role in setting the rules and regulations for the Asia-Pacific economic framework.

If this opportunity is lost for the United States it does give greater leeway for China to take on that role as well. For Japan, which is one of the countries that have signed on to this agreement, this is an opportunity for Japan to really move forward with its deregulation and structural reforms.

It is crucial for these negotiations to move forward but it is facing difficulties at this stage and also given the domestic considerations of the United States with the TPA facing deadlock.

(Scott Horsely): Thank you.

Robert Daly: This is Robert Daly with the Kissinger Institute. I wanted to come back to the East China Sea in the context of American policy (unintelligible). The United States has been quite consistent since the recent outbreak of - I think it's fair to say hostilities in the East China Sea. That we take no position on the ultimate sovereignty of the islands but we've also been clear that the Senkakus are covered under Article V under the US-Japan mutual defense treaty.

And so it's a form sort of a strategic ambiguity but we are on ambiguous about our intention to honor our treaty obligations. China is deeply dissatisfied with this and they see us as taking Japan's side and the Philippines side and emboldening them in their own territorial positions. And this is a regular accusation that we hear from the Chinese side that we are in fact a party to provocation because we are emboldening our treaty allies.

Our position on the (unintelligible) Senkakus has been made somewhat more difficult diplomatically by Abe's and other Japanese leaders' visits to the Yasukuni Shrine and other provocative statements which was sort of a march down a slippery slope from what had been the moral high ground such that it's harder to identify the moral high ground in this dispute now.

Nevertheless (unintelligible) unambiguous regarding what our commitment to defend Japan. The Chinese position depends very much on the claim, which is not wholly (unpacked) by the Chinese. But it was Japan that challenge the status quo by the nationalization (3) of the Diaoyu Senkaku Islands.

That Chinese rationale, I think it's safe to say, is not widely accepted in the United States. We don't believe that nationalization of the islands over which Japan already had acknowledged administrative control constituted a change in the status quo that would justify (act) on the part of China and also Japan that could lead to accidental war.

One last thing - I'm sorry to last things on the East China Sea. One is that there's been a lot of discussion both from the Japanese and from the Chinese of what the specific legal history of the Diaoyu Senkakus is. Both sides I think make fairly strong points. Both sides make selective use (unintelligible) and this is one of the reasons the United States doesn't want to adjudicate those.

But it's clear that the issue is not going to be solved if it can be solved (unintelligible) primarily to history, it's going to be solved going forward by creative to promising.

There is a link two I think the United States point of view between the East China Sea issues and the South China Sea issues even though many Americans who've looked closely at the Diaoyu Senkakus see fairly strong rationale for the Chinese position.

Nevertheless there's a concern that if we embolden - that if China is emboldened in the East China Sea that will have impact on its left justified claims in the South China Sea. So we look at these as individual cases but they're also part of a collective concern about China's - what I think Marvin Ott has correctly categorized as hegemonic moves in the Western Pacific.

(Scott Horsely): And in terms of the South China Sea the US position is that there is less - it's less neutral, it's more that China is being overly aggressive?

Marvin Ott: Not sure what you mean by less neutral. The US position - and then you can react to this - has been - and it really was - it has a long history but it wasn't re-articulated clearly after a fairly long hiatus until 2010 the Secretary of State Clinton went to the (Asen) regional forum meetings in Hanoi in July and made it clear that the United States has no position on who has rightful claims of which particular atoll.

However, the US does have two critical positions. One, that however this dispute is handled it should be handled as a multilateral dispute involving multiple players in a multilateral negotiated setting without the use of intimidation or the use of force to resolve it on the water, if you will.

And there was then an interesting addition to that basic position. No position on the atolls and ownership but a strong position on non-coercion, non-use of force, multilateral settlement.

Also Hillary Clinton, I should've mentioned, emphasized that the sea lanes through the South China Sea, which by the way are the busiest sea lanes in the world, are, like all major international sea lanes, commercial sea lanes, international common meaning they are not under the territorial claim or control of any country.

The sea lanes through the straits of Gibraltar do not belong to Spain, they don't belong (unintelligible) Morocco, they are an international commons. And she asserted the US position stating the same thing for these sea lanes.

And the other additional important addendum to all of this recently NSC advisor Danny Russell speaking in congressional testimony for the time to my knowledge clearly stated that the nine dash line, the (unintelligible) line on Chinese maps that encompasses the South China Sea does in fact have no standing under international law. Put it bluntly, it's illegal.

And that is critical to the Philippines piece of all of this because the Philippines is taking China to court, if you will, the very artfully constructed legal argument that is posed in a way that China cannot prevent the case from going forward by saying we won't participate. And so the case is in fact in process. We'll see the out come. But it's before a tribunal (unintelligible) by the (unintelligible) convention.

And if the Philippines is successful, and I think most international lawyers believe they probably will be, the international court will end up saying, this line on Chinese maps has no legal standing. And that would be - the Chinese

have already said they'll pay no attention to any ruling. Nevertheless that will have consequences and (unintelligible) interesting to watch.

And I'll just, as quick - and I'm a little out of my lane here but just as a factoid on the use of an international tribunal the Japanese by saying in the East China Sea there is in fact no dispute between Japan and China is also saying they will not allow this case to be taken to the international court because if they did they would be accepting the fact that there was in fact (unintelligible).

Drew Sample: Okay. (Colleen), (Colleen Nelson), do you have any questions for us?

(Colleen Nelson): Yes, It was mentioned at the top that Japan would be looking at US involvement with Ukraine. And I was interested in hearing more about how Japan's views US's involvement with Ukraine and just kind of how events around Ukraine and the focus on that might overwhelm some of the things that might be happening on the Asia trip.

Shihoko Goto: Right, the interesting dynamic that has happened with Chinese rise is Japan has been looking towards other partners in the region (unintelligible) also in addition to looking more towards the (Avean) countries it's also looked more towards Russia as well.

And as you may know, Japan has a territorial dispute with Russia as well in the Northern Territories. And there had been hope that the conflict over these territories would actually be quicker to find a solution compared to that of the Senkaku Islands because - most likely because Japan and Russia have similar economic interests for developing those islands.

That kind of hope for Russia especially on securing energy from Russia remains strong. Japanese corporate and governmental commitment to Russia

is still strong. But given the current situation in Ukraine and given the unknowns regarding Russia's expansion aspirations I think there has been a little bit of a withdrawal from Tokyo to pursue this kind of lane.

And I think the discussion will very much focused on that where how Japan and the United States regard Russia at the moment and how the United States expects the situation to, you know, evolve especially when it comes to energy security.

And let me add that energy security is a tremendous issue for the Asia-Pacific region. As the United States and Europe become more energy independent with fracking technologies it really is Asia alone that remains very dependent on Middle Eastern oil especially with Japan's nuclear disaster that really has put nuclear options outside.

So there's relationship with Russia is tremendous and it is - the Ukrainian situation for that alone is something that will be of deep interest to Japan (unintelligible).

Drew Sample: And, I'm sorry, this is Drew Sample again. As a point of order it sounds like there's a lot of background noise going on. Can I ask that is you're not asking a question or responding in some way that everyone mute their lines so that there's less interference in the background? Thank you.

((Crosstalk))

Man: (Unintelligible).

Drew Sample: Okay thanks. So, (Trudy), (Trudy), do you have a question?

(Trudy): Yeah, I'm trying to get a picture of it five years down the line - if China or even two years down the line if China really made an attempt to take over the islands is in dispute with Japan does anyone think that China is in a mood to make a move? And if the United States didn't physically come to defense how would that change the whole strategic outlook in the Pacific?

Robert Daly: Yes, this is Robert Daly. First I think we should note that over the past few weeks there have been something of an easing of tensions in the Diaoyu Senkaku's frequency of Chinese incursions or air or sea (unintelligible) area of Japan's administration is (unintelligible) we just had a (unintelligible) visit from the mayor of Tokyo to Beijing.

There are signs of both sides wanting to walk this back a little bit and to cool it down a little bit. Now at the same time China in particular continues its propaganda assault on Abe as a personal matter. And they have personalized this.

And they've gone so far (unintelligible) can deal with Abe during his tenure at all. On the one hand that's very discouraging because what's really (unintelligible) now is after a cooling off period some creative high-level summitry.

On the other hand personalizing it does give China, from the Chinese point of view, some room to say it's not Japan, it's Abe (unintelligible). There may be a little bit of daylight there. So I don't actually think that China is going to come charging in (unintelligible) in the next 2 to 5 years to take actually (unintelligible) Senkaku Diaoyus unless there's other (unintelligible) crisis of some kind. I think it's fairly unlikely.

(Unintelligible) have just in the past week and an American Marine general saying that the Marines alone could retake the Diaoyus (unintelligible). And so I think if the United States (unintelligible) part of it would depend on context. And if there was actual violence it would depend in part on how it came down and who did what first.

But broadly speaking the United States must honor its treaty commitments to Japan or it calls the whole alliance and (unintelligible) and the whole notion of (unintelligible) international law that Marvin Ott mentioned into question. So I think China (unintelligible) is not highly likely (unintelligible) crisis and (unintelligible) the pressures and the need to respond materially would be strong but it would depend on (unintelligible).

Marvin Ott: Just to add a quick contrast comparison in the East China and the South China Sea situations. East China Sea you've got a binary faceoff between the powers, Japan and China. In that sense it's pretty simple. The territory in dispute is controlled by Japan (unintelligible) by China. That's pretty simple.

The potential room for a Chinese military action is actually quite restricted because Japan is in fact very capable maritime (unintelligible) power senior voices in Japan have said publicly Japan should not ask the United States (unintelligible) ourselves, that sort of argument.

So that remains a brittle (unintelligible) situation but (unintelligible) happening on the ground in terms of territorial (unintelligible). South China Sea is very - China has in fact (unintelligible). The most dramatic sort of recent example was the takeover of Scarborough Shoals within the EEZ of the Philippines within the lands claimed by the Philippines and try and more recent efforts to force the Philippines military off of a nearby atoll.

So the process of territorial contestation is in fact operational and active in the South China Sea. And for US security planners the really tense issue is what does the United States do in the event of - and you and I and a lot of other people could come up with 25 or 30 scenarios that involve either an accidental or deliberate outbreak of hostilities let's say, for example, between a Philippines ship and a Chinese ship. United has a security treaty with the Philippines.

The phone rings downtown here saying okay what are we prepared to do about it? And at that point it becomes real difficult.

(Trudy): Thanks.

Drew Sample: (George), did you have a question?

(George): Yes actually two questions if I could. One, I wanted to follow on (Colleen)'s question because I wasn't really sure from the answer whether Ukraine is intruding on the agenda; whether the other leaders expect the President to give them an update on what's going on. And - well why don't we do that one first?

Robert Daly: Yeah, this is Robert Daly with the Kissinger Institute. One of the big issues with Ukraine really is it calls America's ability to follow through on the commitments and the ambitions that are articulated in the pivot/rebalance into question.

It's been three years since we said that the Asia Pacific region was going to be our major priority, our area of focus because of the interest that we had there diplomatically, economically, as well as militarily. That has yet to materialize.

We're busy in the Middle East, in Egypt, in Libya, in (unintelligible) first. And now because we (unintelligible) in Eastern Europe it's - it keeps on getting delayed and the longer that happens the more it calls our real commitment into question and the larger China looms.

It's true that right now the United States in terms of our military capabilities in the Western Pacific are very, very much greater than China's. However, China has enormous advantages of (unintelligible) and in my view China has (unintelligible) headlines are also on China's side.

So the big issue vis-à-vis the Ukraine is it's calling into question (unintelligible) financially and there's a question of will to follow through on its commitment. Now (unintelligible) Eastern Europe to the Western Pacific.

(George): Great. And the other question is the point was made early on in this call that the other leaders aren't looking to what we say. They want to see actions. What would make this trip a success for the President? Does he have to have something - a deliverable on market access or TPP? I mean, what makes this a success?

Marvin Ott: That's a good question and a tough one. This is Marvin Ott. I'll just give a quick preliminary thought.

((Crosstalk))

Marvin Ott: ...term or look for outcomes in terms of sort of classic deliverables (unintelligible) out there on the table waiting to be signed or committed to of a major sort that I'm aware of. The White House would love to have been in a position to wrap a red bow around TPP on this trip. That's not going to happen.

I will just say parenthetically (unintelligible) State Department (unintelligible) days ago and I was surprised that he remained cautiously optimistic about the final conclusion of TPP based on his conversation with US negotiators. I was actually a little surprised by that. My impression was that TPP was in a lot of trouble. So I'll just throw that out there. But we're not going to sign TPP on this trip.

What the President's going to be looking for is it's almost going to be an intangible. I'll be a sense in Manila - I'll talk about my area, Manila and particularly Kuala Lumpur, because KL, Malaysia, if there's any country that's in the - in play, in the balance, between growing Chinese influence and sort of American attempts to maintain its present position Malaysia is the canary in the coal mine.

And the White House will be looking for some evidence that Prime Minister Najib, his counterpart in Malaysia, is willing to say and act like he really believes the American strategic commitment to the pivot, to the region, in the face of Chinese pressure, is real. And however that gets manifested or not manifested I think will be the real deliverable.

Drew Sample: Okay. (Juliette), are you on the line?

(Juliette): Yeah, I had a question following up actually on Malaysia and the Philippines but a broader question which is that obviously when people talk about the pivot, you know, it's primarily phrased in terms of economic and security terms.

And I was wondering about kind of the cultural dimensions particularly as it pertains to democracy as well as, you know, maybe any other American

values. You just don't, you know, seem to hear as much about that. And I'm curious and, you know, this would be for Marvin of, you know, what you, you know, what you think about that. How much of that is an afterthought? How much is it a theme that we might see on this trip?

Marvin Ott: It's kind of a subtext. And, you're right, it hasn't receive the kind of public visibility recently. There are reasons for that, I think we could go into it. But the point I guess I would just quickly make is it is important that the Philippines is an honest to God functioning competitive democracy and that we have a president in the Philippines that was elected through a real electoral process, one based on the American model and all that.

And he follows an administration in the Philippines that was deeply corrupt and has tried to repair that damage. So there's a real sense that we need to do whatever we can to sort of buttress President Aquino; whatever signals we can send subtly or otherwise that we like this guy and we embrace what he's trying to do in the Philippines, not just in the South China Sea but also within the Philippines itself is all there.

Malaysia is a tricky case because Malaysia is a formal democracy, they hold elections; the winners win, the losers los. But it is also a weighted system. So I think you will see as - I don't think you will see much talk about that sort of thing, about the democracy per se.

One little sidebar to that, you said the word "cultural." One element of the cultural interchange between countries the people to people stuff and particularly students from a country in the United States. China, right now, and Robert will know this number much better than I, but has something close to 250,000 - a quarter of a million - students studying in the United States.

Now that is a huge people-to-people cultural fact. What its implications will be strategically going forward is a fascinating question and one I'm not even going to attempt to address. Malaysia, by contrast, is a much smaller country, 10-12 years ago had 25,000 students (unintelligible) a very large number.

That number has diminished greatly; it's currently I'm guessing now sort of in the 6000-7000 range. One of the things I think the administration will be looking for is a way to ramp up a number like that.

Robert Daly: And if I could just add on that - this is Robert Daly - for your cultural question, I mentioned that China has enormous (unintelligible) proximity and will and increasingly it has more financial capability.

On the other side of the ledger, not that I necessarily approve of tallying things up in quite this way, we have enormous soft power (unintelligible). The attraction of the American system (unintelligible) cultural. China's soft power is I think well south of the X-axis these days and certainly in Malaysia with the Chinese response to the disappearance of Flight 370 China did itself no great favors.

China, with all of its expansiveness in the past (unintelligible) years has nobody applauding, nobody signing on to the Chinese agenda. And it has no big ideas or culture that it puts out. And so I hope one of the things that President Obama is aiming to do is to expand on that and to build on those American advantages which are very, very far from sufficient.

(Unintelligible) capability far more but it's very important that these cultural soft power advantages need to be built on and he has an opportunity to do that now and in the fall.

(Juliette): And, sorry, can you - if that - or Drew can follow up - if that quarter of a million figure is correct that just be great to get that. And then...

Robert Daly: Yes, about 250,000 is the best figure anyone has. It's not a great figure. But what needs to be added to that is those are just university students.

(Juliette): Right.

Robert Daly: There's a growing number of elementary school students, of high school students. This stuff is untracked. Two of - we lived in Nanjing for six years and two of my then son's first grade classmates who are going into the 9th grade are coming to the United States this summer; one to spend the summer at Phillips Exeter and what (unintelligible) School before they go back. People coming as early as elementary school.

(Juliette): Right.

Robert Daly: You have Chinese elites. Also there's capital flight, they're putting their resources here. And you have Chinese mothers, including recently celebrity mothers coming here to have their babies. So student issue is a very important one. But it's really just one aspect of our ongoing attraction for Chinese people, capital, infants.

Recently a major news anchor, China Central Television who was roundly criticized - a picture went out on the Internet of her in an American hospital beaming with her newborn baby. And this was somebody who had been seen as much very towing the party line and who was then criticized as a traitor. But so it's students yes but not just students.

Marvin Ott: And if I - Marvin Ott again. Just one other little factoid under the sort of heading, there's more to this than just students. Factoid, Johns Hopkins University in working with Prime Minister Najib in Malaysia - and I don't have the details on this - but it has been establishing a medical hospital presence in Malaysia, something the - it becomes a part of a (unintelligible) use Robert's term, soft power sort of initiatives or interactions that counts. They do count.

(Juliette): And, sorry, just going to ask why - when you said there are a number of factors why it hasn't received the public visibility, why is that?

Marvin Ott: I'm sorry...

((Crosstalk))

(Juliette): When you said the whole idea of like democracy or just like these American values why has that not been as prominent...

((Crosstalk))

Marvin Ott: My answer - I think it's a complex question. My quick answer would be that when America talks about democracy and human rights to other countries with rare exceptions, like the Philippines, generally we are irritating people because we are begin critical of their - to the extent they have fallen short on democratic human rights kind of standards.

I mean, you know, look at the way we get under President (unintelligible) and every time we talk about the subject. So there's a lot of sensitivity in other countries that they know what a real democratic standard is and they know

that they are not really measuring up to that. They're in authoritarian impulses and all that.

So every time America talks about that we tend to irritate people. And I don't think the White House wants to irritate anybody on this trip.

Shihoko Goto: And I also think that the bifurcation of US society, that polarization of the income gap, the educational gap, those kinds of things are becoming much more visible to the outside audience as well. And it does - it does no favors for the United States to go and preach its stance when back at home the United States does have problems.

So it's easier for other leaders to say well before you do that perhaps you should actually conduct your own economic reform and social reform. So perhaps that's one of the other reasons why this is not being highlighted.

Marvin Ott: There are lots of ways we can be criticized and there are lots of people happy to...

((Crosstalk))

(Juliette): Thank you.

Drew Sample: And I'm sorry, I don't have the list of the others who signed on sort of in the middle of the call. Does anybody else have any questions? No? Okay great. Well thank you, everyone, for participating today. I'll be sending out a transcript and the full audio of this call over the weekend or on Monday morning.

But if in the meantime you do have any further questions, specific questions for any of us, we're around. Feel free to reach out to me via email or phone and I can link you with one of our experts here. Thanks again and happy travels to those traveling to Asia. Okay bye.

Shihoko Goto: Bye.

END