

Hudson Institute



G7 Summit, China-Central Asia Meeting, and Taiwan's Presidential Election

China Insider #24

TRANSCRIPT

Discussion.....2

Miles Yu, *Senior Fellow and Director, China Center, Hudson Institute*

Wilson Shirley, *Media Fellow, Hudson Institute*

Listen to the podcast here: <https://www.hudson.org/foreign-policy/china-insider-24-g7-summit-china-central-asia-meeting-taiwans-presidential-election>

About Hudson Institute: Founded in 1961 by strategist Herman Kahn, Hudson Institute challenges conventional thinking and helps manage strategic transitions to the future through interdisciplinary studies in defense, international relations, economics, health care, technology, culture, and law.

Hudson seeks to guide public policy makers and global leaders in government and business through a vigorous program of publications, conferences, policy briefings, and recommendations.

Wilson Shirley:

Hello and welcome back to the China Insider, a podcast from the China Center at Hudson Institute. It's Tuesday, May 23rd, and we have three topics to go through this week. The first is the G7 summit that happened in Hiroshima, Japan over the weekend where China was prominent on the agenda for the world leaders. The second is the inaugural China-Central Asia Summit, which gathered five central Asian countries to meet with Xi Jinping. And the third is a quick update on the coming presidential election in Taiwan now that the major parties all have their candidates. Miles, how are you doing?

Miles Yu:

Very good, Wilson. Glad to be back with you again.

Wilson Shirley:

Great, you too. So the first topic today is the big news over the weekend that came out of Japan. Japan hosted the 49th annual G7 Leader Summit over the weekend. It took place in Hiroshima, which is Prime Minister Kishida's family's hometown. It's worth noting this was the G7 summit, but there were a lot of other people there. As Zelensky came, he made a surprise visit from Ukraine. There were leaders from India, Australia, Brazil, South Korea and Indonesia. And what people are talking about after this summit is the communique that was released by the G7 leaders. Its main focus obviously was Ukraine, but it mentioned China a record 20 times. That's up from 14 in 2022 and only four in 2021. So Miles, what are your main takeaways from the G7 summit that happened in Japan?

Miles Yu:

Well, G7 obviously is the meeting of the democracies and deals with the most pressing issues of our times. Obviously the war in Ukraine is important, but the G7 also actually has not lost its focus, which is the threat from China, even though the language is a little bit tailored. But it involves, as you said, a lot of issues that China is an essential part of, that includes the issues in East China Sea, in South China Sea in Taiwan, human rights and economic coercion as well.

Wilson Shirley:

So one thing that was interesting out of the summit is that all seven of the G7 members embraced the language of de-risking from the Chinese economy. This is language that first came to prominence when Ursula von der Leyen made her speech right before she came to Beijing along with Emmanuel Macron a few weeks ago. And it gets to the point of economic coercion that you were talking about just a little bit ago. So when you see language like de-risking, they said they're not decoupling, but they are de-risking from China. How much of a paradigm shift is that from even a few years ago?

Miles Yu:

The world had a sincere hope that through economic engagement with China, China would become essentially closer to the international free trade system and they improve along with it

their domestic policies on human rights, on environment, on regulations, a whole bunch of things. That hope was dashed because China used enormous gain from the international free trade system to enable and empower its machines of repression and to actually build up a military whose main purpose is to gain global dominance by the Chinese Communist Party. So that's one reason why the world's major democracies and the economic entities we're talking about de-risk from their economic engagement in China because China has used this international engagement, economic engagement as a leverage and forced the international system to comply with the Chinese model of governance. And this is basically the major policy background to the discussion about de-risking. Now there is a word that China does not like and nobody else does either: that is decoupling, decoupling basically indicates pretty much the same thing as de-risk. Decoupling, however, is much more pointed because it harks back to the Cold War era that is to separate the Eastern Bloc economically from the rest of the free world. But that's not the aim of the G7. I think that de-risking implies more of the self-defense nature against Chinese economic coercion rather than decoupling, which is a more positive initiative.

Wilson Shirley:

So let's talk a little bit about how China reacted to what happened in Hiroshima over the weekend. So the G7 communique, it had six concrete steps is what they call them at the top of the document. I think you can say that five of them are pretty closely related to competition with China and to a certain extent Russia as well. This communique also though had some language that was pretty conciliatory towards China. It said "our policy approaches are not designed to harm China, nor do we seek to thwart China's economic progress and development. A growing China that plays by international rules would be of global interest" emphasis on the "would be of global interest". Despite that kind of language, the Chinese had a pretty strong reaction to the communique. The *Global Times* labeled the whole G7 meeting as quote an anti-China workshop. How is China reacting to what happened?

Miles Yu:

Well, there is a major issue here that the Chinese Communist Party does not represent China. So it's a total different concept. The Chinese Communist Party basically said this G7 is a plot organized by Japan to interfere with China's domestic politics and also to interfere with China's core interest: That is Taiwan. Now, how is the that to criticize China's human rights violation a domestic policy? And China also actively extends its tools of repression in many other countries, secret police stations, for example, the hunting down of dissidents in all other free countries. So this is not just the interference with Chinese domestic issues, it's a global issue. Urging China to conduct its economic actions, policies, based upon rules, based upon sort of a transparency and how is that only a Chinese issue? Because Chinese economic extension footprint is everywhere. So you have to really deal with this China issue as first of all an international issue.

Secondly, the rebuttal from the Japanese government. Actually, it's very interesting, one of the major points is that Japan is not organizing any sort of a counter-China coalition. Japan really, really on the opposite wants to exchange its engagement with the Chinese people. China cannot really hold the entire Chinese nation as a captive entity. So in other words, the Japanese government really stresses the sort of a non-government engagement, Japanese companies engagement with the private non-state sectors of Chinese economy. That actually is very important. I mean this really is in compliance with the concept we talked about last week, which

is EU and the US have reached the agreement to deal with non-market behavior represented by China. So I think this is actually the very important message.

Wilson Shirley:

Our next topic is about a meeting that happened just before the G7 and this is the China Central Asia summit. Leaders from Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan traveled to China to meet with Xi Jinping, and Central Asia is important to China. Trade between China and these countries comes to about 70 billion dollars a year. Kazakhstan is about 31 billion of that, and the US has a format that's kind of similar to engaging with Central Asia. It's called the C5 plus one, but this was the first China Central Asia summit ever. So Xi is clearly putting new emphasis on the area. What happened at this other summit Miles and why is it happening now?

Miles Yu:

Well, China put up the huge hoopla and extravaganza for this summit and as if this is the only thing that's going on in the world. Obviously, it was designed to drum out the significance of G7. But this looks all very quixotic and it's kind of pathetic because it is the quixotic attempt at forming another parallel alliance to counter the value and rules based international systems such as G7, NATO and et cetera, et cetera. China has tried since the inception of its founding in 1949 at the international alliance. It joined the Soviet block. It didn't work out. It tried to form original alliance with North Korean and Vietnam. It didn't work out. After the Cold War, it's tried two other major alliance systems, the Shanghai Cooperation Organization, SCO, and the BRICS, which consists of Brazil, Russia, India, China, and South Africa. It's not working as China is dominant in the two, but really have no consensus on the CCP leadership in SCO and the BRICS.

That's because the CCP always wants to be the international leader of the world communist movement or the world leader of anti-west alliances. Number two, the CCP lacks inspirational power and leadership. Its ideology and the imperial ambitions were bankrupt and anemic. Number three, there's also a clash of ambitions and national interest within SCO and BRICS. For example, China has a huge problem with India and also with the Russia. One can only imagine how Vladimir Putin's thinking in Moscow with China sort of is trying to grab away the central Asia countries, formerly Soviet republics from the Russian orbit.

Wilson Shirley:

Yeah, and that's especially true now because Russia is obviously occupied in Ukraine. Putin's attention is elsewhere. So this opens up an avenue for Xi Jinping to go into Central Asia into the former Soviet bloc. Is that what you're saying?

Miles Yu:

Yeah, that's basically, no, it's very opportunistic for China. I mean China's trying to do the same thing with the Ukraine. So yeah, you try to sort of game both ways. So I mean the whole Central Asia summit with China looks very pathetic to me. I mean basically, essentially China basically bribed the five poor landlock, the central Asia countries to Xi'an for an ostentatious kumbaya. I

mean this is reminiscent of the old time when China claimed the leader of the world liberation movement, but this only ally in the entire Europe, for example was Albania.

Wilson Shirley:

Yeah, that's fair. And I want to get to a tangible thing that happened at the summit or the format for the summit that kind of gets to the point that you're making right then. We're used to pictures of these summits where you have leaders sitting around a table that each have little placards saying where they're from. That's what happened at the G7 at this one though it was just a series of bilateral meetings between Xi and the five other leaders that culminated in a speech that has a very clunky title given by Xi. The title is "Working Together for a China Central Asia Community with a Shared Future Featuring Mutual Assistance, Common Development, Universal Security, and Everlasting Friendship," which does not really roll off the tongue. So is this format typical of these kinds of summits or does it get to the kind of point that you're just making that it's about China just kind of trying to dominate, not really having these sort of mutually respectful relationships among equal sovereign countries?

Miles Yu:

What's just read is just the Chinese propaganda gobbledygook. I mean, doesn't anything mean can you actually literally figure out what they're trying to say? I mean it's really difficult. It sounds good, but just like there's no meaning of that. The essential thing is China wants to play the leadership of an anti-West, anti-democracy alliance worldwide and not alliance China has problem forming and later on leading because it doesn't exist. But China's based the whole thing based upon a siege mentality that China is the center of all the progressive forces of China will say. So the siege mentality is very essential in China's strategic culture.

Wilson Shirley:

So let's talk about that siege mentality for a little bit as we close off the second segment, because it seems like coming out of the G7 and the Central Asia summit, China is facing a little bit of a dilemma. It is in a siege mentality. It's believed, it believes that it's being boxed in, it's afraid of the democratic world coming together, but it also really needs to engage, be it through summits like the China Central Asia Summit, be it through greater trade and investment with countries like the G7. So how are Chinese leaders, especially after zero COVID, thinking about that balance between security and the economy these days?

Miles Yu:

Well, you talk about this sentimentality here. Talk about the kind of dilemma, the sentimentality of feeling, being boxed in, as you said. It is not really a new phenomenon. In fact, it's a central pillar of the CCPs communist ideology. Lenin said Communist cause is so noble, so threatening to the existing bourgeois international order that bourgeois democracies will do their utmost to contend, besiege and ultimately annihilate communist movement. The CCP believes that all other communist parties have failed or been subverted. The CCP is the only hope of a socialist triumph worldwide. So the collective attack and containment against China must be singularly focused and China must fight back for its own survival. This is basically the theoretical and ideological background to this siege mentality. In other words, at no time does the CCP not feel

besieged or boxed in. It's in its genes and every foreign and domestic policy is based upon this understanding.

Wilson Shirley:

That true even in the era of Deng Xiaoping when you have reform and opening up?

Miles Yu:

Absolutely. Deng Xiaoping is the most pronounced understanding of the Tiananmen massacre, the way he justified it, because Tiananmen massacre was instigated by the West, particularly the CIA, the Voice of America.

Wilson Shirley:

That's what Deng Xiaoping said? He said it was instigated by the west?

Miles Yu:

Absolutely, and there are a whole bunch of documents. You can document this. This is the communist understanding of global politics. The whole point here I'm saying is, it is therefore absolutely futile for the world's democracies to do another round of useless self-examination of our China policy trying to appease the ostentatious outrage or protest out of Beijing because even if world's democracies come up with a more dovish stand on China, the CCP will think of it as a more insidious approach because the CCP thinks you are faking it, hiding your dagger behind your smiling face as a Chinese proverb will say (*Xiao li cang dao*).

Wilson Shirley:

Great. So I want to close off this episode with a quick note on something that happened in Taiwan last week. So Taiwan obviously featured prominently at the G7 meeting. The G7 leaders said that they reaffirmed the importance of peace and stability across the Taiwan strait, but a lot's changing in Taiwan. President Tsai Ing-Wen is term limited and the major parties in Taiwan have now nominated their candidates for president for the election. That's going to happen on January 13th, 2024. So Miles, who are these candidates and what are you going to be following leading up to the election?

Miles Yu:

Well, the, of the three, actually the two most important ones, they, the actually realistic ones are the incumbent vice president of Taiwan. His name's Lai Ching-te, English name is Bill Lai, William Lai. He's a very viable candidate and he has a pretty good record to run on.

Wilson Shirley:

And he's of the DPP party.

Miles Yu:

That's a DPP, the, yeah, Democratic Progressive Party. Yes, DPP, that's the incumbent party. The other one obviously is the selection of a presidential candidate by the main opposition party. The KMT, the nationalist party, which is a sort of legacy party, goes all the way back. Now, this is the mayor of the New Taipei City. His name is Hou Yu-ih. Mr. Ho is actually very interesting because it reflects a very big problem within KMT. That is they have a consistent problem of selecting a viable candidate in the last several rounds of the election. That's because the KMT has to bear the cross of a legacy issue that is a unification versus de facto independence. They cannot come up with a very convincing argument reflecting the reality. KMT basically is a pro-unification party, and once you focus on that, you will lose a huge part of the electorate in Taiwan.

Most people in Taiwan, they do not really want to have another run of independence or they don't want to have unification, so they're just for status quo, and that's actually about 80 to 85% of the Taiwanese electorate. Any party, either DPP or KMT. If you move away from that de facto reality and you get into trouble now KMT has a problem coming with that. Now, the DPP has a new campaign line that is, they are not for independence because Taiwan does not need independence because Taiwan already has independence. They are living in the independent state. It's name is Republic of China in Taiwan. This is actually a very clever counter-argument against the Chinese communist governments constant, constant barrage, diatribe against the Taiwanese politicians. That is, oh, there is a small clique of Taiwanese politicians, particularly within the DPP that were for second independence. And so they're saying, listen, we're not seeking independence. We are already independent.

Wilson Shirley:

Great, well, we'll be following that leading up to the election in 2024. Thanks so much for another great China Insider episode. Miles, looking forward to talking to you next week.

Miles Yu:

Thank you as see you next week, Wilson.

Wilson Shirley:

Thanks for tuning in to this episode of the China Insider, a podcast from the China Center at Hudson Institute. We appreciate Hudson for making this podcast possible follow Miles and all of the additional great work we do at hudson.org. Please remember to rate and review this podcast and we'll see you next time on the China Insider.