



Highlights

New Proposals on Taiwan Arms Sales

The EastWest Institute's policy report, *Threading the Needle: Proposals for U.S. and Chinese Actions on Arms Sales to Taiwan*, was the topic of a panel at the Woodrow Wilson International Center for Scholars in Washington on January 14, 2014. The report's authors, EWI's Piin-Fen Kok (pictured) and David J. Firestein, presented their findings and recommendations to an audience of think-tank experts, journalists, government officials and representatives of the diplomatic community. [PAGE 3]



Ideas

Latest news from EWI's Initiatives



President's Report

John Edwin Mroz
President and CEO

The EastWest Institute put in a strong performance in 2013, both in terms of thought leadership and action in areas as challenging as cybersecurity, Afghanistan's relations with its neighbors and China's core relations with the United States. EWI's report, *Threading the Needle: Proposals for U.S. and Chinese Actions on Arms Sales to Taiwan*, has brought significant figures back to the discussion table on this key issue. The Woodrow Wilson International Center for Scholars showcased the report and featured EWI authors David Firestein, Perot fellow and vice president of Strategic Trustbuilding, and Piin-Fen Kok, director of the China, East Asia and United States Program.

EWI issued an important report at the recent Munich Security Conference, *A Measure of Restraint in Cyberspace: Reducing Risk to Civilian Nuclear Assets*, written by Policy Innovation head Greg Austin and Senior Vice President Bruce McConnell. It takes as its starting point the inability of governments and the private sector to get together and create rules of the road. Its key recommendation: all cyber players could learn from arms control processes of past decades to make real progress in this area. In the session at MSC on "Rebooting Trust? Freedom vs. Security in Cyberspace," which I had the honor to moderate, there was a stunning display of the gulf of mistrust between Europe and the U.S. since the Snowden revelations of NSA spying on allies.

I am delighted to share with you some of our work over the last few months in this issue of Highlights. They include our unique 5th meeting of the U.S.-China Sanya Initiative of military leaders and our 6th U.S.-China High-Level Political Party Leaders Dialogue.

We are excited that there has been a dramatic increase in unique visitors from countries around the world to our new website. May I encourage you to visit www.ewi.info to check out its state-of-the-art capabilities and engaging social media platforms.

The world continues to change at high speed, and although there are signs of hope, there's much work to be done. Thank you for your engagement and support of the EastWest Institute.

New EWI Website

The EastWest Institute is pleased to announce the launch of its new website, boosting our online footprint and better reflecting the depth and global span of our work

that began in 1980. As our new tagline states, EWI is about "Building Trust, Delivering Solutions." The site's refreshed look combines bright colors, strong visuals, geographical positioning and interactive content

designed to create a user-friendly experience. New features include EWI Now, a selection of five must-read stories, and the Ideas section, sharing the rich intellectual output from staff, fellows and board members. A crucial step

in EWI's forward-looking digital communications strategy, the new website sets the stage for further additions to the institute's online presence in the coming months.



Resetting the System

Authors Greg Austin, professorial fellow at EWI, and Sandro Gaycken, senior researcher in computer science at the Free University of Berlin, outline specific steps to be taken to protect Internet infrastructures around the globe. *Resetting the System* offers bold recommendations while admitting that the necessary changes are expensive, and that the traditionally free, mostly unregulated market may balk at some of them. Governments can create the incentives for this new approach to cybersecurity, but the private sector will need to take the lead in implementing them.

"We call for a new ecology of cybersecurity. It is based on the disruptive concept of highly secure computing, which relies primarily on much stronger passive security measures, independent of attack attribution," they write.

Read the full report at:
www.ewi.info/idea/resetting-system

A Measure of Restraint in Cyberspace

In the report, *A Measure of Restraint in Cyberspace: Reducing Risk to Civilian Nuclear Assets*, introduced by Nobel Peace Laureate Mohamed ElBaradei, EWI urges all parties to commit

themselves to making civilian nuclear facilities off limits for cyber attacks. According to EWI Senior Vice President and former Homeland Security cyber official Bruce McConnell, "Given the

potential risks to humanity and the planet, nations should refrain from attacking civilian nuclear assets using cyber weapons." McConnell and EWI co-authors Greg Austin, Nadiya

Kostyuk and Eric Cappon propose four steps that will insulate these peaceful assets from attack while a more comprehensive approach to the cyber arms race evolves.

New Proposals on Taiwan Arms Sale



[CONTINUED FROM PAGE 1]
Moderated by Robert M. Hathaway, director of the Wilson Center's Asia Program, and co-sponsored by the Kissinger Institute on China and the United States, the panel focused on ways to reduce the mistrust that the issue of U.S. arms sales to Taiwan has historically generated in the U.S.-China relationship. Joining the authors of the report were Richard C. Bush, director of Brookings' Center for East Asian Policy Studies, and Zhou Qi, senior fellow and director of American Politics at the Chinese Institute of American Studies (CASS).

"A significant and bold reframing of an important and long-standing issue...this study merits serious high-level attention."

**General (ret.)
James L. Jones**
FORMER U.S. NATIONAL
SECURITY ADVISOR

Threading the Needle: Proposals for U.S. and Chinese Actions on Arms Sales to Taiwan

U.S. arms sales to Taiwan constitute one of the most contentious issues in the bilateral relationship between the U.S. and China. The result of two years of research and discreet consultations, *Threading the Needle* is the first report by a U.S.-based think tank to conclude publicly that both the U.S. and China have, for their own reasons, not fully complied with their commitments to each other on the issue of U.S. arms sales to Taiwan.

The report recommends a set of unilateral and voluntary actions that are specific and broadly commensurate in scale and impact. For example, it proposes that the U.S. cap its annual arms deliveries (as opposed to announced sales) at a level that complies with the key stipulation of the U.S.-China Joint Communiqué of August 17, 1982, adjusted for inflation. To date, *Threading the Needle* has received extensive media coverage in Taiwan, China and the U.S.

Read the full report at:
www.ewi.info/idea/threading-needle-report

Events

Reports from EWI's major meetings

Women at the Tables of Power

As part of the "Women, Peace and Security" partnership, EWI's Parliamentarians Network for Conflict Prevention and Women's Action for New Directions (WAND) brought together more than 100 U.S. state legislators and international parliamentarians in Washington, D.C., from



Afghanistan Reconnected

The EastWest Institute convened "Afghanistan Reconnected," an Abu Dhabi Process Meeting on Afghanistan's investment potential, in New Delhi at the Federation of Indian Chambers of Commerce and Industry's (FICCI) Federation House, from November 19-20, 2013. High-level representatives who attended included: Afghanistan's Finance Minister Dr. Hazrat Omar Zakhilwal and India's former Foreign Minister Kanwal Sibal, as well as other participants from India, Afghanistan, Pakistan, U.A.E., Turkey, the U.S., the EU, Central Asia, Iran and China.

The aim of EWI's third consultation was to explore investment opportunities in the trans-Afghanistan energy and transport corridors and in the country's mining resources, and to attract both regional and international direct investment. Representatives of governments from the region and beyond recognized Afghanistan's potential for business, trade and

investment after the U.S. withdrawal in 2014. For the near future, the objective is to avoid a recession and the reversal of economic gains won over the last decade.

Participants acknowledged that Afghanistan's economic potential cannot be fully developed without strong political will, a more efficient regulatory framework and high-quality national institutions. To mitigate security challenges, a key impediment for investment, they emphasized, the government must engage local stakeholders in economic projects. The local population should benefit from investments in gas pipelines, electricity transmission grids and mining.

A fourth consultation to be held in spring 2014 will assess the implementation of recommendations of the Abu Dhabi Process on economic security in Afghanistan.



"I think we should give nature of these exchanges will be taken into consideration policy decision-making."

Wang Jiarui

HEAD OF THE COMMUNIST PARTY

6th U.S.-China High-Level Political Party Leaders Dialogue

As part of the ongoing U.S.-China High-Level Political Party Leaders Dialogue, organized by the EastWest Institute in partnership with the International Department of the Communist Party of China (CPC), a delegation of U.S. Democratic and Republican Party leaders met with CPC senior officials in Beijing and Nanjing, China from November 18-21, 2013. It was the highest level of engagement between the three parties ever convened.

The delegation was headed by Howard Berman, former U.S. Representative (D-CA) and chairman of the House Committee on Foreign Affairs, and Anthony Parker, treasurer of the Republican National Committee. In a breakthrough for the U.S.-China High-Level Political Party Leaders Dialogue process, this meeting was the first to include sitting party officers as well as staff from both U.S. parties. The CPC delegation was led by Wang Jiarui, vice chairman of the National Committee of

September 29 to October 1, 2013. Following the first meeting in Ankara with women U.S. state legislators and parliamentarians from the wider MENA region, including Afghanistan and Pakistan,

this gathering included participation in WAND's biannual conference, "Women at the Tables of Power," and capacity-building breakout sessions. Melanne Verwee, United States Ambassador-

at-Large for Global Women's Issues, was the keynote speaker. The conference featured the Parliamentarians Network's critical role in advocating for the successful implementation

of UN Security Council resolution 1325 on Women, Peace and Security.



ve full play to the in-depth changes so that their impact consideration in the foreign ing of both countries."

RTY OF CHINA DELEGATION

Political Party Leaders Dialogue

the Chinese People's Political Consultative Conference (CPPCC) and the minister of the International Department of the CPC's Central Committee (IDCPC).

The visit occurred a week after the 18th Central Committee of the CPC concluded its Third Plenum. Dialogue sessions placed special emphasis on the outcomes of the plenum and their implications for economic and political reform in China. The discussions also addressed the current political landscape in the U.S. Delegates explored ways to build mutual trust between the two countries as part of a "new type of major-power relationship."

The U.S.-China High-Level Political Party Leaders Dialogue seeks to build understanding and trust between political elites from the U.S. and China through an exchange of views on governance and foreign policy issues. EWI expects to host the next round in the U.S. in 2014.

5th U.S.-China Sanya Initiative



The EastWest Institute, in partnership with the China Association for International Friendly Contact (CAIFC), convened the 5th meeting of the U.S.-China Sanya Initiative, which took place from December 9-13, 2013. Senior retired flag officers of the U.S. Army, Navy and Marine Corps traveled to Beijing and Chengdu, China to meet with retired senior generals of the Chinese People's Liberation Army (PLA) to discuss critical issues in the U.S.-China military-to-military relationship. The delegations spent two days in off-the-record dialogue in

Chengdu and also met with General Zhang Yang, director of the General Political Department of the PLA and member of the Central Military Commission, and General Li Zuocheng, commander of the Chengdu Military Area.

The Chengdu dialogue sessions covered a range of military and political topics of importance to the U.S. and China. Discussion focused on Taiwan; cybersecurity and regional security in Northeast Asia; and addressed other issues such as the U.S. rebalancing strategy to Asia, North Korea, the East China Sea,

Islamic extremism and managing the U.S.-China military-to-military relationship. Both sides agreed that cultivating communication and mutual understanding between their militaries is essential for fostering the cooperation necessary to address the world's most difficult issues.

Since 2008, the Sanya Initiative has regularly brought together retired American and Chinese senior generals in order to build stronger military-to-military ties between the U.S. and China. EWI expects to host the next round in the U.S. in 2014.

"Frankness and openness is really what develops friendships and relationships and what allows this forum to be so successful."

General (ret.) Walter L. Sharp

FORMER COMMANDER OF
THE REPUBLIC OF KOREA-U.S.
COMBINED FORCES COMMAND

People

Stories from EWI's network of change agents



EWI Leaders: John Hurley

EWI Board Member John Hurley, recently voted 2013 Director of the Year by EWI's staff, is the founder and managing partner of Cavalry Asset Management, and a lecturer in Finance at the Stanford Graduate School of Business (GSB). At the closing of EWI's 2013 World Cyberspace Cooperation Summit, we interviewed Hurley to discuss his experience with the institute and his thoughts on cyberspace opportunities for EWI.

How did you first come to hear about EWI? How did you become involved with the institute's mission?

I was introduced to John Mroz through a friend of mine here in the Valley, Mark Andreessen. John visited my office. As he described EWI to me, one explanation stood out: it's both the "what convinced me then" and what I use now when I'm trying to explain what the institute does. The Geneva Convention proves that even people who are trying to kill each other actually agree on some things. John said he'd devoted his life to finding problems that

people would tell him were impossible to solve. His mission has been to try to solve these issues and make the world a safer place.

Let's talk a bit about your own organization, Cavalry Asset Management. How did it come about? What is your long-term mission?

The mission of my firm is pretty simple: to make money for our clients over time by moving quickly to risk-adjusted terms. I run an investment firm based here, in San Francisco, and also in Asia. We invest in public and private companies on behalf of our clients, and on behalf of ourselves. So, our mission is simple: try to find great companies and generate great returns from those investments.

How did you first get involved in cybersecurity work?

It was sort of a natural fit at the institute, given that the focus of my firm is technology investments. It's been true for quite some time that security is central to a good IT environment,

at both the enterprise and service-provider level, globally. And so it was a natural fit—to try to help out in cyber at the institute made obvious sense.

What specific issues within the realm of cyberspace are you most interested in?

One of the great benefits of this conference [EWI's World Cyberspace Cooperation Summit IV] is that it helps distill ideas. I've been to a couple of the institute's conferences, I've been to countless meetings discussing these issues with really smart people, and I think I had an epiphany in this process: where EastWest can be most effective in cyber. In the past, if you asked a stakeholder, whether a technology executive, a regulator or a government official—you name it—the problems mentioned were on the public-private divide. Now, this is where you find opportunities for EWI: the intersection between a big problem and crucial variables beyond your control.

What are the issues that are difficult to solve because you're dependent on a government, another industry or a foreign country? For me, it's those pieces of the cyber problem—that are no one's responsibility, and that are extraordinarily difficult for any individual or small group of individuals to solve on their own—that are most interesting. I think that should be the institute's focus.

What are the benefits of working with EWI, now that you are a director?

I've been on several boards, and any time you take on a board role, you have limited time and energy. You have to convince yourself that the mission of the organization you're serving is something that means a lot to you, something where you can make a positive impact. I told John when I took this spot that I have limited bandwidth, but that if I joined, I would devote the bandwidth to it. And it's been great. I think the organization continuously makes an impact and does so in impressive ways.



nextgen: Get Involved!

The EastWest Institute believes that young professionals have a unique perspective on international issues and tries to capture this perspective on the nextgen blog. This blog is a platform the EastWest Institute provides to the next generation of policy and business professionals to encourage dialogue between current and future world leaders.

EWI Legacy: Leo Schenker



Leo Schenker recalls his first introduction to the EastWest Institute, when a young John Mroz stopped by his office at Central National-Gottesman, Inc., the global paper company he has helped to lead in various roles since 1949. The two men formed a fast friendship based on a mutual interest in politics and international affairs, and Schenker was naturally drawn to the institute's mission. In 1987 he made his first donation to EWI, and along with his wife, Livia, has remained a loyal champion of our work ever since.

Schenker has lived a remarkable life, both personally and professionally. Born in Vienna, Austria in 1921, he and his family later fled to the United States to escape Nazi persecution, an experience that was documented by the USC Shoah Foundation's Visual History project. Shortly after arriving in the U.S., Schenker applied for an open position at Central National-Gottesman that was advertised in *The New York Times* classified section. He remained with the company for over five decades, rising to various senior management roles, where he consistently demonstrated his loyalty and dedication.

A respected business leader in the paper industry, Schenker has also been an ardent supporter of charitable causes in New York City and elsewhere through his family foundation. EWI was an ideal fit for Schenker's philanthropic interests. He became a mainstay at the institute, serving on the board and playing an integral role in our growth.

By 1999, Leo Schenker was motivated to help secure the institute's future with a larger gesture—a legacy gift to EastWest's endowment. By pledging a large gift for the future rather than the present, he aimed to positively impact our long-term goals and to set an example for his peers. After Schenker signed the pledge many other directors followed his lead, amounting to a substantial investment in EWI. Leo and Livia Schenker's commitment helps strengthen our ability to work towards solving critical global issues. We are grateful for their continued friendship and for sharing in our vision of a more safe and secure world.

Contact Sarah Neydon

(sneydon@ewi.info) to learn how to join the Schenkers in planning for a Legacy gift to the EastWest Institute.

nextgen's Second Essay Competition Winner Announced

The EastWest Institute's nextgen essay competition, seeking submissions of at most 800 words from under-35s, was held for the second time this November. The primary criteria set by the judges were the originality, creativity and viability of ideas presented in each essay, together with the popularity of each entry among EWI Facebook fans. This year's theme focused on the global challenge of securing cyberspace and entrants were asked how they would make cyberspace safer.

The winning entry, "Towards Closing the Cyber Sanitation Gap - Campaigning for Digital Hygiene," was written by Svenja Post (age 30) and Alexis Below (age 28), who are both currently working as junior research fellows at the Brandenburg Institute for Society and Security (BIGS). In awarding Post and Below first place, the institute hopes to draw attention to this kind of innovative thinking from the next generation.

This essay was also published by the American Institute for Contemporary German Studies (AICGS) at Johns Hopkins University.

Coming Up

April 9-10, Berlin

Afghanistan Reconnected: Creating Momentum for Re- gional Economic Security

Addressing economic security in Afghanistan post-2014, EWI convenes a series of high-level consultations on the economic potential of Afghanistan and the region, also known as the Abu Dhabi Process.

April 5-7, Beijing

Summer Palace Dialogue

The Summer Palace Dialogue (SPD) is a forum that brings together economists from both China and the United States to discuss cooperation between the two largest economies in the world. SPD is hosted by the Chinese Economists 50 Forum. It spans two days: participants spend the first day in private discussions and then convene a half-day public session to summarize their observations, analyses and conclusions with the press and a broader audience. For 2014, the Chinese E50 Forum has been coordinating with the Boao Forum to include more opportunities for U.S. and Chinese economists.

March 6,
Brussels

Russia and Allies, Towards Post-2014 Afghanistan

Marcel de Haas, senior research associate of the Netherlands Institute of International Relations, will discuss his new report *Russia and Allies—Toward Post-2014 Afghanistan*.



EastWest
INSTITUTE

EastWest Institute
New York Center
11 East 26th Street, 20th Floor
New York, NY 10010 U.S.A.