

Regional Responses to Security Challenges in the Asia-Pacific

Session 2: Crisis Management, Conflict Prevention and Other Regional Security Factors

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7 November 2014

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Sir David Warren

Good afternoon, everybody. Welcome back. I'm David Warren, Associate Fellow at Chatham House, former British Ambassador to Japan from 2008 to 2012. I have the honour of chairing the second session today on crisis management, conflict prevention and other regional security factors. I have three distinguished speakers on the panel. Moving from my further right, Dr Natasha Kuhrt, who is a lecturer in the Department of War Studies at King's College London, and whose main research interest is in the field of Russian foreign policy, Russia–China and Russia–Japan in particular, and teaches and researches on issues of nationalism, identity, sovereignty and debate on intervention.

Tetsuo Kotani, who's a Senior Fellow at the Japan Institute of International Affairs, whose research focuses on the US–Japan alliance and maritime security, who was a visiting scholar at the Centre for Strategic and International Studies, Japan Chair. Professor Christopher Hughes, who is head of the International Relations department of the LSE [London School of Economics and Political Science], where he also served as Director of the Asia Research Centre from 2002 to 2005, and has extensive experience, going back to the 1980s on China and Taiwan.

We've got about an hour and 20 minutes for this important session and I'm going to ask each of the panellists to speak for ten minutes, please, if you can keep it to 10 minutes, so that we have enough time for question and answer, which I hope will be as lively as the last session was. I'm going to start with Tetsuo Kotani, who is going to talk to us on regional efforts to create effective crisis management and communication mechanisms.

Tetsuo Kotani

Thank you very much and good afternoon and thanks for the invitation. It's good to be back here in Chatham House. I just flew in London this morning and I failed to readjust my time, but after I landed here, I got a lot of phone calls from the media about the possible Japan–China Summit Meeting. Yesterday the Japanese National Security Advisor met a Chinese state councillor and they reached an agreement on the future of Japan–China relations. One of the points included the mutual acknowledgment of different positions on the tension in the East China Sea. They will continue to manage the tension through consultation and also they will establish a crisis management.

Let me provide my personal understanding of this agreement. Chinese say that Japan changed the status quo and provoked China by nationalizing the Senkaku Islands in 2012. That's their position, but we have a different understanding about the tension. We think the tension started in 2008, rather than 2012. This is the chart of the Chinese ship activities in the East China Sea and this chart starts in December 2008.

In December 2008, for the first time in history the Chinese Government sends ships in the territorial waters around Senkaku waters. The Japanese side believes this was the start of the tension. The question is: why December 2008? In June 2008, Tokyo and Beijing agreed on a joint development of seabed resources in East China Sea and that was the peak of the Japan–China strategic partnership. Six months after the Chinese ships for the first time violated our territorial waters. What happened during the six months was critical.

After the agreement, Chinese hardliners started to criticize the Chinese leadership at the time, Hu Jintao and [indiscernible], for making too much compromise. Then the Chinese leadership needed to take a tougher stance on the East China Sea, so they decided to show their presence in the East China Sea. That's our understanding and, as you can see, there was an increase in the Chinese ships around Senkaku in 2010 again and, as you might remember, the Chinese fishing boat collided into the Japanese coast guard ships, which became a diplomatic crisis.

The Japanese government, given the increased number of Chinese presence around the Senkaku waters, they needed to purchase three islands from the private owner, to continue the peaceful management of the island. That's our position. This time, Beijing and Tokyo acknowledged we have a different understanding of the tension.

The problem is Chinese ships are there and Chinese aircraft is increasing the activity around Senkaku islands, so there is always a chance of an intended accident, so we have to manage this crisis, particularly after China announced the ADIZ [Air Defense Identification Zone], Chinese activities in the East China Sea have become very aggressive and particularly in the Western part of ADIZ, Chinese aircraft activities are very frequent. There were very close encounters between the Chinese fighters and the Japanese aircrafts in May and June, so we have to consider any possibility of collision in the sky, which is more difficult to manage.

This is the list of the past crises in this region, in the Asia Pacific. The famous one is the [indiscernible] incident in 2001 and also we had an impeccable case in 2009 and more recently we had very close encounters between Chinese fighters and an American aircraft in the South China Sea this summer. So there is a need for crisis management. We have several existing agreements on the crisis management. The most universal one is COLREGS, or the Convention on the International Regulations for Preventing Collisions at Sea. This provides universal guidelines to prevent accidents.

Basically, if you follow this COLREGS there will be no need for the crises management regarding collisions at sea, but we still need it because militaries conduct a surveillance in the vicinity of other countries. So for example, in 1972 US and the Soviet Union agreed on the incident at sea agreement. This became a model of a crisis management among the navies in the world. This US–Soviet Union sea agreement was a strategic success, which effectively managed a serious crisis between the two navies. The reason why this agreement was successful was because the two navies had a common understanding of freedom of navigation. That's why this agreement was successful.

The problem with China is China has a different understanding of freedom of navigation, particularly the navigational rights in the EEZ [exclusive economic zone]. Chinese say foreign military should not conduct military surveillance in Chinese EEZ, when the US conducts military surveillance in Chinese EEZ almost every day. In 1998, US and China established an MMCA – Military and Maritime Consultative Agreement. Even after this agreement there was an impeccable incident. As Patrick stated in the previous session, in crises Chinese don't pick up the phone, so the crisis management doesn't work.

So the Asian regional navies tried to derail a region wide agreement, which is called a CUES [code for unplanned encounters at sea], which was written in the Western Pacific

Naval Symposium. We have the 20 member countries and until last year 19 countries agreed on this CUES, except China, but since China was a host country of Western Pacific Naval Symposium this year, finally China joined the CUES. So we have multiple agreements on the crisis management.

What about the East China Sea? For China crisis management is not a priority and sometimes they try to produce crises to achieve their political purposes, particularly to deny the foreign countries surveillance activities in China's vicinity. As I mentioned, US–China MMCA doesn't work, so is there any need to consider a crisis management with China? My answer is yes, because even though US and China still have sometimes a crisis, their communication is becoming more and more effective, because of US–China MMCA. US–China communication in 2001 over the EP3 [US aircraft] or in 2009 over the *impeccable* was very much limited, but when there was an encounter between the Chinese and American warships in December last year, there was a more effective communication because of the MMCA.

So although we cannot expect drastic effect of the crisis management with China, at least that will produce gradual benefit, so we have to continue to work on it. Between Japan and China we have two primary mechanisms. One is maritime consultation, which involves all maritime related agencies, including military, coastguards and the fishery authority. We had so far two meetings on this consultation and at least our coastguards can meet with each other in this mechanism, so I think that's a very important one.

Also we have a military to military maritime communication mechanism, which I expect President Xi and Prime Minister Abe will agree on Monday next week. We have already a basic agreement on this mechanism. We have three pillars: one is hot lines. Another one is a regular consultation and the third one is a common signal between ships and we have a basic agreement on this.

The problem is more recently the Chinese air force is making some noise on this mechanism and they say this mechanism should be a venue to stop the Japanese activities in the East China Sea. This will be a problem to proceed this mechanism. Anyway, we have to continue to discuss on this mechanism. Obviously there will be a meeting in APEC [Asia-Pacific Economic Cooperation]. I think 90 per cent they will meet and they will talk about how they can implement the crisis communication.

One thing I have to say is because our positions are totally opposite, even if the two leaders can meet I cannot expect a huge progress on the bilateral relations, but at least they are now agreeing that there's a need to manage the tension. I think the two governments will continue to work on it. At least, there will be a presence of both Japanese and Chinese in the East China Sea and there will be more encounters between the two militaries or coastguards. As long as we continue to talk on a crisis management, I think we can manage a serious incident from occurring. In that sense, I'm becoming a little bit optimistic about it.

How should we understand the two leaders meeting next week? Last week, the Chinese CCTV [China Central Television] invited me to their special programme on the APEC and they asked me to talk about Japan–China relations, but this week they withdrew the invitation because there was an instruction from above not to discuss the Japan–China

relations in that programme. One thing we have to see is how Chinese media will cover the summit meeting next week and if they try to downplay it, perhaps they are not so much keen in improving their relations, but if the Chinese media pick up very widely, perhaps they are more interested in improving their relations. Thank you very much.

Sir David Warren

Thank you very much indeed, Tetsuo Kotani, for giving us a much useful Japanese perspective of the relationship at the moment. Professor Hughes, you're going to talk to us about Chinese regional policy and how the region is responding to this.

Christopher Hughes

Yes. Thank you, Sir David. Thank you for inviting me. I was thinking back to John Swenson-Wright, he struck a note of optimism in the beginning, which was quite nice, and that was just repeated, a small note of optimism. Also, in the first panel people were talking about unpredictability and I think this really is the issue with China. If we think back about this time last year, we look at China's relations with Vietnam as an example, they seem to be really good. Everyone was talking about a diplomatic breakthrough and, in fact, it was a diplomatic breakthrough.

Then in May this year, the Chinese pulled this oil rig off the coast of Vietnam and there was a huge crisis and anti-Chinese riots and everything went downhill. Then a couple of weeks ago it seems that things are back on track again between Hanoi and Beijing, so it's really hard to imagine. China seems to go through these periods where it's quite constructive and then suddenly surprise everyone with these movements.

So what next? Will there be a declaration of an ADI Zone in the South China Sea perhaps? We're all expecting a breakthrough at APEC. There may be one and that may well be followed by something like a declaration of an ADIZ in the South China Sea. It seems like China is sending out these two messages. 'We are prepared to negotiate and talk, but don't make any mistakes about our intentions and our bottom line. We're not going to compromise on what we call our national interests, one of which is the maritime territorial claims.'

So it's kind of unpredictable in some ways. In other ways it has its own rationality and I think there may be a strategy emerging from this and people who watch China always ask this big question: is there a grand strategy or not? I think there probably is. I think the Chinese Communist Party is a strategic thinking organization and that goes back to its Leninist foundations. I think if you look at the debates in China now, there is a strategy beginning to be articulated.

I guess the basic drivers of this are fairly clear. It's domestic nationalism, which is being mentioned, but that's combined with geostrategic problems and challenges and these maritime territorial disputes are a kind of perfect storm because they bring these two things together in a way that they haven't really come together before. So if you think of the East China Sea or the South China Sea, it's important for the military to know what the plan is because of these sea lines of communication. So it has that rationality, but it's equally important for nationalist hotheads who want to latch on to anything that touches

on national humiliation and that whole thing that's at the core of China's political culture. So when you bring these things together, it's quite a dangerous force and the Communist Party leadership has to ride the tiger. As we know, it can't ignore this, but it has to control it and use it in some way.

I think this is what we've seen since – my colleague says – 2008, this kind of assertiveness began probably in 2009, January, the impeccable incident. We can certainly see then this departure from the previous policy of peaceful rise or peaceful development, moving through this period of assertiveness after 2009, but are we moving into a new period now, which is the optimist period, marked by Xi Jinping's speech on peripheral diplomacy last year, where he started talking in a much more positive way? He sounded a bit more like Hu Jintao, having good neighbourly relationships with the other states in the region. Or is this more of a strategy to divide and rule the region and to achieve Chinese supremacy?

There are some interesting debates inside China and they do see this in terms of three stages. Some of the commentators are moving away from Deng Xiaoping's sort of foreign policy line of cautious 'hide our capabilities and bide our time', into what's called an incubation period after the global financial crisis appeared of that experimentation, where China was being assertive and kind of learning the lessons, seeing what the kickback was from other states. Then into a new period, one of activism, which is about shaping the region in some ways. That's quite new for China, to see itself as shaping the international system, rather than being the defender of the status quo, its own version of the status quo.

It used to complain about the US, saying they were going to shape the international system, but now there are people in China who are saying, 'This is what we should be doing and what Xi Jinping is doing.' You can see, I suppose, in some of the big slogans that are coming out from Beijing, from Xi Jinping himself, this idea of a Maritime Silk Road, which is quite important in South China Sea.

It's also extended to other parts of the world, but it has a certain resonance in the South China Sea and Xi Jinping used that a lot in his speech on peripheral diplomacy. He also had this new slogan of a community of shared destiny, which is a very ... I trace that back to [indiscernible] in the 19th century, the theory of nationalism, but Xi Jinping, who's also used by [indiscernible] in Taiwan, it's interesting to see it used by Xi Jinping now and is sort of talking about building on everyone's shared interest essentially.

Of course, we know that you can have shared interests, but if the political system ... when one state is so much more powerful than the others, unless you have the right political institutions, you're going to end up with some very asymmetrical relationships. So the idea of a Silk Road and a community of shared destiny may seem like a constructive thing from the perspective of Beijing, but I think particularly if you're in South East Asia and you're a smaller, weak state, there's a hierarchy there. I think it's already been mentioned this possibility of a new Sinocentric order, where there's a community of a shared destiny, with one great big power in the middle, so whose destiny is most important?

Even if this meant to be a constructive policy, it's still problematic due to the asymmetries of power. I think I should also briefly mention, because I'm talking about South East Asia and there's already been discussion of Japan, so I'm not going to say too much about that,

but there's some talk on Russia and I think that is ... I know Natasha is going to talk about that, but I just wanted to mention it.

I think in the bigger scheme, Beijing's biggest strategy, Russia is very important, but also Central Eurasia is important. It's interesting that this world organization, the CICA, the Conference on Interaction and Confidence Building in Asia, which was established by Kazakhstan in 1992 and no one knew about it. Beijing took the chair last year, I think, and suddenly it has this meeting of Central Asia and Russia, all these states talking about sovereignty and preventing domestic political change from outside. So there's this kind of counterweight, the shift for China to work with Russia, Central Eurasia, balances that US–Japan–some parts of Southeast Asia realignment that's been discussed already.

I think when we try to answer the question of whether this is a return to a hierarchy or whether it's a return to Hu Jintao, it's important to look at the practice of how China's using its power. This is very interesting. There's a lot of interesting discussion on this in China, what was learned in the incubation period, the assertive period. There's this idea of a Scarborough Shoal model, which is kind of ... what was learned from 2012 that standoff with the Philippines? China used a combination of foreign policy tools.

It used diplomacy, producing all these maps and stuff and lobbying at the UN against the Philippines more actively than it has done before. It used hard power in the sense of the paramilitaries and the coastguard vessels, but also the PLA [People's Liberation Army] navy was there on the horizon and it was made very clear that this would be used if the Philippines didn't back down. So that was quite new.

Most importantly, it was the use of economic power I think and this is the key to much of this and the same applies to Japan and the Philippines, three states that have the biggest maritime problems with China. If you look at what happened, the impounding of Philippine bananas during the Scarborough Shoals crisis, which I think is a fifth of the Philippines' GDP, it's a big part of the Philippine economy. That really hurt. This sliding down of tourism, warning tourists to not go to the Philippines – again, a big part of Philippines' economy.

You had this with Japan in 2012 and in 2010 I think, with the rare earth metals and tourism and so on. So China has had incredible ... it seems to have a lot of power there and I think it was the conclusion of many people in China that it's worked pretty well. It's what's called the clenched fist, bringing the fingers together into a fist, of the economic, the diplomatic and the hard power. That hasn't been really effective before under Hu Jintao, everything seems to be very uncoordinated and there's a lot of observant saying a lot of things couldn't be explained. They were irrational. Xi Jinping, as we know, has tried to rationalize the system under the State Security Council established last year, but also the Oceanic Bureau.

There's a lot of reorganization and coordination. This may be just people in China putting a positive spin on it, but there is certainly this argument in China that policy-making is more efficient and China is able to use its various forms of power much more effectively. This was proven against the Philippines and could explain why they dumped the oil rig off the Paracels as sort of the next step in this experimentation, to see what their reaction is, to learn how to deal with it.

So it kind of sounds like China has a lot of power, but on the other hand I think this is also exposing vulnerabilities and there's some interesting discussions in China, which are quite upbeat about its use of power and then say, 'But hang on, we could probably win the South China Sea by doing this, but we'll lose ASEAN [Association of Southeast Asian Nations] in the process. We're scaring ASEAN.' There are some people inside China who are beginning to raise these warning flags. It's very complex, this use of economic leverage.

If you could look at Vietnam, for example, after the anti-Chinese riots, which some Chinese people even murdered earlier this year, there's a discussion in China amongst textile manufacturers saying, 'What are the implications of this for us, because if the Vietnamese kick us out or if our own government said, 'We're not going to invest in Vietnam.' And stop us going there, what happens to our exports?' If you're a Chinese textile company, you need Vietnam because tariffs from exporting textile to the EU and the US are very high and also it's very expensive to produce in China now, so a lot of production is done in countries like Vietnam.

What makes it even more interesting, it ties it in with things like the TPP [Trans-Pacific Partnership] and the EU, which was raised, because the EU is supposed to be signing an FTA [free trade agreement] with Vietnam this year, which I know about because I got to go to Vietnam this summer. That has implications because if you can export with zero tariffs to the EU, if you're a Chinese exporter and you can manufacture in Vietnam and you can export to the EU and the US with zero tariffs, you're very competitive. If you're exporting from China, you're not going to do it. You're going to go out of business.

So there's pressure and some of these bigger economic reconfigurations, like the TPP and the EU FTAs and so on do have an implication at the grassroots and then you see some pressure coming back from those manufacturers, who are saying to their own government, 'Please be careful, because we will hurt ourselves, both diplomatically, we could lose our [indiscernible], but also economically. It will hurt us.' So it's highly complex, but I think I'll probably run out of time now.

Sir David Warren

Thank you very much indeed. We've covered Japan, China, Southeast Asia. I'm going to go to Natasha Kuhrt now to talk about the Sino-Russian relationship.

Natasha Kuhrt

Thank you very much. I feel a bit like the cuckoo in the nest, Russia obviously not really being an Asian-Pacific power itself, but it sort of does dip its toes into the Asia Pacific arena increasingly in recent years. Now the point to make is I think that Russia has not really had an Asia-Pacific policy really at all. It's mainly had a China policy until now and really relations with other countries in the region tend to be side shows or spinoffs of its relationship with China.

There has been an attempt in the last year or two to diversify relations in the Asia-Pacific region, so there's been a little bit of a move towards trying to engage with Asia-Pacific as a

region and taking regionalism seriously and, of course, Russia being then the chair of APEC in 2012.

The other point to make is that you may or may not know, but the Russian Far Eastern region, which is composed of several smaller sub-regions, several of these actually directly border China, so for Russia it's not just a question of, 'Oh, well, we don't really need to engage with China. We don't need a relationship with China.' In a way, it's unavoidable. It has to have a China policy and it has to cooperate with China in some way. So I would just emphasize this point.

Geography and economics therefore still very much dictate Moscow's policy. It has this lengthy border with China. China is by far Russia's biggest trade partner in the Asia-Pacific region, so there are a lot of plus points, if you like. I'd suggest that, echoing in some ways what Chris said about asymmetrical relationships in the Asia-Pacific with Asia-Pacific countries, that the asymmetry of Russia's relations with China will continue and will actually become more and more significant.

So although somebody as Patrick Cronin mentioned earlier, it's true that this anti-Western discourse may strengthen, I believe that that anti-Western discourse is mainly – leaving Ukraine aside for one moment – is mainly for domestic consumption. It's a kind of legitimizing discourse for the current regime, so while it does have perhaps repercussions with regard to Ukraine, I don't think it goes beyond that and I don't think that anti-Western discourse is strong enough in the longer term to bring Russia and China together, because there are too many contradictions and too many asymmetries in the relationship.

So Russia has a quite strange relationship with China in some ways. It often seems as if Russia is kind of choosing to ignore an obvious threat from China, so in a way, for example, maybe pretending that its relationship is based on a very strong strategic foundation, which it isn't, and perhaps failing to defend the periphery in the Pacific, or generally just not responding adequately to the challenges coming from China.

I'd suggest that Russia actually is more aware of the threat from China than one might think. What it doesn't do is to shout about it. It doesn't shout about the China threat. It doesn't explicitly refer to a China threat, but that in and of itself doesn't mean that it doesn't worry and concern itself with this threat.

I'd suggest that essentially the challenges posed by China's rise have been appraised and characterized mainly in economic terms by Russian policy-makers. There is a consensus that on the one hand good relations with China are essential, but on the other hand there's also this growing uncertainty about the trajectory of China's rise just as many other people share that uncertainty, the unpredictability essentially of China. At what point will China's economic clout be translated into some kind of political clout, which will then – of course – also mean that Russia might lose a seat at the table, Russia might become a junior partner, let's say.

I think economic asymmetry in the Sino-Russian relationship is a kind of proxy for expressing fears about China, so whenever I've talked to people in Russia, for example, in the Foreign Ministry, they don't obviously really reference China as a threat in military

terms. What they seem to be able to do is to use economic relations and Chinese economic penetration, for example, in the Russian Far Eastern region, as a kind of safe area from which to criticize the kind of Sinocentric nature of Russian policy. There is a kind of awareness of the dangers of aligning too closely with China and at the same time the anti-Western discourse within Russia has become stronger and stronger and that makes it difficult for Russia to align openly with the US and its allies in the Asia-Pacific.

So Russia has quite a difficult path to tread when it kind of presents itself on the Asia-Pacific stage, if you like. It has attempted in small ways to try and pursue a course of diversification towards the Asia-Pacific, and I just mentioned briefly that some of these regions in the Russian Far East, which border China, are actually almost completely dependent on China economically. That's another sort of big issue area and it's gone along with illegal migration of Chinese, fears about migration overall and so on.

An interesting fact is that many of the citizens of these regions have visited China several times, but they've never actually visited their own capital, so there's a kind of regionalization taking place there, which I think is very interesting and in the longer term there is a kind of programme in place, which links together the Russian Far Eastern region with the corresponding regions on the Chinese side. It was part of Hu Jintao's development plan. So they are actually quite inextricably linked in many ways, but obviously this asymmetry brings a lot of problems with it.

Then the attempted diversification has not really taken off. I don't have time to go into it, but perhaps in the Q&A. I'll just give you the example of when the Russian company Gazprom looked at exploration within the nine-dash line around Vietnam, which of course Beijing sees as being inside its maritime boundary. Essentially Gazprom was warned off by the Chinese authorities and so abandoned its venture with the Vietnamese oil company.

I think that highlights the limits of Russia's diversification policies, and I would suggest also that Russia has shown no inclination at all to support China overall in any of its territorial disputes. In fact, in policy documents you can see official Russian foreign policy documents. It's made quite clear that Russia should not align itself in any open or explicit way with China or any other country on any such issues.

Of course, while China has supported Russia to some extent, certainly on the issue of Crimea, which of course, is a slightly greyer area. It hasn't been really vocal. It abstained, of course, in the UN Security Council, so I suggest that in the longer term they'll both tend to stick to this policy and their relations with each other and regarding territorial disputes and issues of self-determination and sovereignty.

One area where Russia and China have cooperated enormously, of course, is energy, but again, that's often been to China's benefit. China has provided huge credits to Russia for the Siberian Pacific Ocean pipeline and, of course, now with the situation with Europe, Russia has sort of slightly backed itself into a corner and will probably need to rely even more on China than it has before. The gas deal, which has been in the offing for the last 20 years and so again, China drives a hard bargain, which is the other thing that Russia really resents a lot. Eventually, Russia has given in and signed this deal. Many of these

energy deals, you can imagine, are really about or linked to rent-seeking strategies and elite enrichment.

I'll probably need to stop there, but I think that Russia is aware of the dangers of dependence on China, in both economic and political terms, and it's tried to mitigate this by accelerating diplomatic and trade efforts in other directions in the Asia-Pacific. It's also tried to participate much more in Asia-Pacific regional forums. It makes a very clear attempt not to be drawn into taking sides in territorial disputes, but it still has insufficient diplomatic capital in the region and in economic terms there are really no other partners who are willing or able to match the Chinese capital. So that obviously further limits opportunities for diversification of partners. Thank you.

Sir David Warren

Natasha, thank you very much indeed. Thank you to all our speakers for covering such a wide canvas so expertly and in a short period of time. I'm going to move straight to questions from the audience rather than throw any themes myself, but maybe I can reserve the right as we get going. Could I just say to those sitting over on that side of the room, the lectern hides my view, so you're going to have to wave your hands very high. I'm going to start with the gentleman behind you, in the third row there, then I'm going to go over there, then I'm going to come back to you. Please state your name and your affiliation.

Question 1

I think everybody is very free to have his academic opinion on these affairs, but firstly [indiscernible] very clear about the history and secondly about the international law. Firstly, anybody can look at Japan. There is a history in the last century. From the 1937 to 1945, Japan sent millions of military to invade China.

Sir David Warren

I'm going to ask you, because we have a limited time, to ask the question. I know that the history is disputed.

Question 1

First point from history: Japan's invasion to China cost our country 36 million people killed. This is history. After the Second World War, the Japanese Prime Minister to put their military as a [indiscernible] and in this situation how can the Chinese people establish trust to the Japanese?

Secondly, I'll talk about the [indiscernible] Island. In the history, it's Japan to steal it and after the Second World War, from the [indiscernible] documents and China has resumed its [indiscernible] about the [indiscernible]. For this point, in our meeting today between the Chinese and the Japanese officials, two very important issues are: firstly, Japan and China will continue to develop their relations best on the history and facing the future. It means that Japan needs to admit the history. Secondly, it's about the [indiscernible] Island. Japan and China admit that they have disputes.

Sir David Warren

I'm going to interrupt you, if I may, because we have a lot of people who do want to ask questions. If I can summarize your question, you're questioning whether trust can be established and the importance of establishing relations ...

Question 1

My question is: How can Japan have so many disputes with Korea, with China, with Russia?

Sir David Warren

Thank you very much for your question. I'm going to go to the gentleman with the microphone in front of him and then I'll come back to this gentleman here. We'll take three questions together.

Question 2

My question is: China has a formidable resource of soft power. There's a great difference of concept from the Western one. Let's say the Confucius Institute, which is spreading all over the world or China's central television is setting up a branch office in places such as Washington DC in the US, in Nairobi – Kenya, broadcasting news with Chinese perspective. Other than that, soft power, this term is clearly stated in the work report on the party congress in 2007 and 2012, which is a very important part of Chinese policy, which I recognize. Aside from that ...

Sir David Warren

Could you give your question, please?

Question 2

Yes. How would you assess the effectiveness of China's soft power, especially our overseas Chinese office as a policy to use Chinese Diaspora to bring effectiveness to the local government? My question goes to Mr Kotani. Thank you.

Question 3

My question is mostly to Natasha, but I will gladly accept any answers from other panellists. I agree with your characterization of the reticence in the relationship between the two. The asymmetry probably goes much further. I would go even further than you. I would say the Chinese never took Russia very seriously, certainly not since the end of the Soviet Union. Did you get any feel ... do you think Russia can continue being a major supplier of weapons to all the countries that are potentially 'frenemies' of China – India, Vietnam – and yet at the same time sort of maintain this formal dance of friendship?

Sir David Warren

Thank you very much. Natasha, would you like to take that question first and then we'll go to the other members of the panel?

Natasha Kuhrt

Yeah. Thank you, Jonathan. Good question. Well, there are questions within Russia about that. The answer has always been, 'We always sell the more advanced model to India.' I think that was what they always responded with. The other point is they have been improving their forces in the Russian Far East and upgrading the submarine basic [indiscernible]. That could be seen as directed more at Japan. There was quite a big dip actually in sales of arms to China, although it's kind of recovered again. I think China has diversified its supply of weapons. It's still significant, but I think it's perhaps less significant than it was a few years ago.

Also, there is awareness definitely of the need to shore up defence against China because, as you probably know, there's a reorganization of forces and a move to a new brigade structure in the Russian Far East and, for example, the Joint Strategic Command for the Eastern headquarters is now in [indiscernible], so they've moved it much closer to the Chinese border. Also, the nuclear weapons are basically what they keep in hand as the deterrent against China. I guess that's the main point.

I think they've definitely dipped the sales to China and I think there is a sense in which they need to exercise a bit more caution regarding these arm sales, because at one point it was a kind of economization of foreign policy in those first years under Putin. People were kind of almost given free reign and some of those arms export companies were very unregulated. I have the impression that they're much better regulated now.

Tetsuo Kotani

Thanks for the questions. I think the agreement we announced today can provide an answer. We basically agreed that we have different positions on the East China Sea and we have some understanding of the importance of the history. We basically have a common understanding of history, but we cannot agree on everything in history. That's what the official agreement says.

Regarding trust, I think the Japanese and the Chinese perception on trust is different. We think we have to build confidence to build trust, but the Chinese say, 'Trust needs to come first,' so the only way we can narrow these different perceptions is to continue to talk, to narrow the different perceptions on everything. We can't build trust immediately. We have to take gradual steps and even though we have different opinions on certain things, we should talk to narrow the different perceptions.

On China's soft power, this is purely my personal understanding, but one of the biggest weakness of China is soft power. I don't think the Chinese soft power is powerful enough to influence the public opinions in the world. Although they have spent much money on PR, the reason they have to spend much money is because their soft power is weak. I hope many of you agree with me. Thank you.

Chris Hughes

I'd start to start off by thanking Jonathan for raising that issue, Russia and its arms supplies to the frenemies, as he put it, of China. I've spent some time in Vietnam this summer and one of the things that surprised me most was how often people kept saying, 'What about Russia? They are our friend. They've historically been our friend. They're the ones selling us these submarines. You know that we're buying.' They have these high expectations of Russia, which really surprised me, because I hadn't really thought about that, but it seemed like a lot of people in Vietnam were talking about Russia.

I guess that may present quite a dilemma for Russia at some stage, as you said, with Gazprom and the nine-dash line. That's a very interesting example of the dilemma that Russia may face, because it may also provide some space for Russia to actually have a presence in the region, that it's been trying to have since the end of the Cold War. So that is interesting. I'm glad you raised it.

On the soft power, I'd say two things. first of all: is it really important or do the Chinese leadership think it's important now? They did under Hu Jintao. I'm not so sure if Xi Jinping really thinks soft power is important. He's got the economic power. He's got the hard power and there's a whole argument in China that you can get the hard power, the economic power and then you're going to have soft power later, except no one is going to buy your culture, which is what they say the Americans did.

So there's that first of all, but if we then look at whether China actually has soft power, if you look at that survey that came out this year on perceptions on the US and China, obviously it doesn't. There is a rising number of people in the region who see China as a threat, who expect a conflict with China in the near future. They did this survey for the first time this year in the region, perceptions on China.

Also very interesting was if you look at ... again, going back to what happened in the Philippines and in Vietnam, there were those anti-Chinese riots. That doesn't indicate soft power, but what was more interesting, in particular in the Philippines, was that some of the people involved were overseas Chinese ... Philippine overseas federation of industries. They were there visibly in a demonstration against China.

Now winning over the overseas Chinese is one of China's foreign policy priorities, since Deng Xiaoping. They're actually campaigning against China because of this assertiveness. I guess those are the people who also have a big interest in the banana and tourist trade. Again, there are these unintended consequences, so you can set up Confucius Institutes, but then when you start throwing the weight around, it doesn't mean very much. If we talk about Confucius Institutes, they're being closed down now in the US. Chicago is closed down, University of Pennsylvania is closed down, the Canadian Toronto School Board is closed down with Confucius classrooms. Soft power doesn't work that way. It never meant that in the first place.

History to me is an academic discipline. It doesn't exist in China as an academic discipline. It's a tool for politics and ideology. I don't think it really exists in Japan either because there are certain things you can't really talk about or do research on in Japan, so we're not talking about history here. We're talking about ideology.

Putting that to one side, the irony of all this is the crisis has begun in 2010 probably, when the Chinese fishing boat ran the Japanese coastguards. Who was in power? It wasn't Abe. It was the Democratic Party of Japan, who were very pro-China, very apologetic about the past and were quite anti-American. That's when the crisis started, so it's nothing to do with Abe. What China did was create the conditions that allowed Abe to come into power with this kind of backward-looking chauvinistic view, which personally I do find worrying, that he's talking about sending military personnel to university campuses, to tell people about national security and raising their patriotic awareness and introduce moral education, just like they have in China. We know what that means, so we're talking about a downward spiral of nationalism.

I think all sides are to blame here, but I would say China did start that in 2010 under the Democratic Party of Japan. Why was that opportunity missed? China threw it away because they perceived weakness in Washington and in Japan, so the result is we now have this downward spiral where everyone is abusing history for political reasons.

Question 4

My question to the panel is about the Ukraine crisis, because it is a bit controversial and regarded differently by the major powers in Asia Pacific. What's the implication of the Ukraine crisis in the region of Asia-Pacific, in regional trust building? Except for the US allies, major allies in the region like Japan and South Korea, it seems the major players in Asia-Pacific all have a different view on the Ukraine crisis. It seems so different from the major mainstream media presented here.

Question 5

Thank you. I wanted to pick up on something that Professor Kotani said about the improving communication between the US and China in terms of crises. I think the example was the December 2013 encounter between warships, where I think Kotani said there were at least 50 communications that took place in that context.

I was thinking that I've spoken to my plumber about 50 times, but the quality of our communication has been poor and I haven't achieved the results that I wanted, so I wondered if you could give us a bit more about the quality of those crises communications in terms of leading to a desired outcome, like de-escalating of a particular incident or not, if the case may be, and is there something to be said on the China–Japan crises and the quality of communication? That would also be very interesting. Thank you.

Sir David Warren

Very good. Let's take Ukraine first. Natasha?

Natasha Kuhrt

I guess obviously I mainly know the Russian position. Japan seems to have been somewhat flip-flopping around this issue as far as I can see. China, as I said, has given Russia support, but I don't think it's a kind of blanket support on the Ukraine issue, because if you go back and look at 2008 Georgia, the intervention in South Ossetia

essentially China gave no support at all to Russia on that issue. So China's been fairly consistent in terms of its stance on sovereignty and non-intervention.

The Crimean issue is, of course, slightly more tricky and, of course, there is ... I mean, I can leave Chris to talk about this, I suppose, but there has been a certain kind of regime alignment around Ukraine. I think it's kind of crystallized several kind of tendencies, several concerns in Russia for quite a long time, probably going back over ten years, this idea about the so-called 'colour revolutions' within the CIS, which saw the US principally, but maybe other Western forces as somewhat interfering in its sovereign space or privileged space.

Then the Arab revolutions ... Russia raised suspicion on these, seeing the relation very, very differently and also seeing perhaps a demonstration effect within Russia or at least this whole idea that there might be a regime change in Russia because then ... during the Libyan crisis you then got all these demonstration in Moscow, so for the Russian leadership it's all about peace. These threats to domestic order and domestic control are extremely dangerous and I think that's where Russia and China kind of come together on that.

I don't really know enough about other countries in the Asia Pacific and how they reacted to Ukraine, but ...

Sir David Warren

I'm sorry to interrupt. Perhaps I can bring Chris in on this point and then we'll finish with Kotani on a couple of points.

Chris Hughes

I think with Georgia and Ukraine, they create a real dynamic for China for obvious reasons. It brings sovereignty implications for Taiwan, Tibet, Xinjiang and so on. That's obvious and I think diplomatically, even though the Chinese don't say it, I'm sure they probably do express it in private to their Russian counterparts, that they're not happy with this.

In public, whenever there's this kind of dilemma ... it's the same now with Hong Kong. They fall back on this rhetoric: 'Well, it's all the coloured revolutions, it's the US that's behind all this, it's a big conspiracy', which allows this at least to present this as it's still ... So China and Russia kind of working together against something that's not a genuine democracy movement or something, but it's actually ... it's nothing really about principles. It's about stopping a US conspiracy to undermine the status quo.

I think also there is this issue of Putin as a kind of model leader that seems to be quite popular in certain circles in China, that 'This is the kind of leader we want in China, who can stand up to the US. He did it in Georgia. He did it in Ukraine. We need to be able to do that, as well.'

Also then there's the learning issue of the Western response, which is weak, both in Syria and in Ukraine. So what do the Chinese leadership and policy makers learn, when the

West really doesn't respond? Largely, because of its domestic politics, his deadlocks, votes in the House of Commons and so on. It appears to be impotent when these serious breaches of international order take place. I think in that respect what's happening in Ukraine has very profound implications for how China is going to move forward.

Tetsuo Kotani

Briefly on Ukraine. Tokyo's position is clear: we don't accept United States to change the status quo by force, so that's why we are also imposing economic sanctions. At the same time, perhaps a little difference between Japan and the other G7 countries is we don't think isolating Russia is necessarily a good idea, so we try to keep the communication with Russia.

On the crisis of communication, what really happened during the [indiscernible] incident is totally classified, so I have no position to getting real information. My friends in the US Navy, many of my friends in the US Navy assured me that the quality of communication during the crisis was relatively good and then even after the crisis, they maintained communication and they now have a basic understanding of what happened. In that sense, MMCA worked to prevent the [indiscernible] incident from becoming worse. My understanding is that the US Navy basically evaluates the MMCA now.

Between Japan and China, because I'm not in the Japanese Maritime Self-Defence Force, I cannot guarantee 100 per cent, but what I hear from many sources is that already the Japanese Maritime Self-Defence Force and the Chinese Navy are communicating with each other based on CUES in the East China Sea. So they have tried to deliver the purpose of their activity, so I think this can be a confidence building between the two navies. If that is the case, I very much welcome such a ...

Sir David Warren

Thank you. Now let's take two questions. The gentleman in the back of the corner and then the gentleman in the back row there.

Question 6

Hi, good afternoon. I have two little questions, the first being: do the South East Asian nations have a genuine concern about the growing nationalism in China and Japan and the impotence of US's foreign policy? Should they be worried? Is the region at risk of sleepwalking to a security dilemma?

Question 7

Thank you. In a sense of the core of all the discussions today is the question of China's expansionism. I wonder if this sort of internal dynamics driving that, if an attempt could be made to try to explain that a bit more, please? To explain what is driving this Chinese sort of behaviour essentially in terms of expansionism.

Sir David Warren

I'm going to ask Chris to start with that.

Christopher Hughes

On the expansionism I sort of try to allude to briefly coming together of nationalism and geostrategic thinking, driven partly by domestic politics. Nationalism is not new. Obviously, it's been growing since 1989 and Tiananmen have been encouraged by the Communist Party. The geostrategic issues have got more serious as China depends more and more on these [indiscernible] of communications, so there are good reasons for these things to kind of come together in this perfect storm.

Then there are triggers, like the UNCLOS [United Nations Convention on the Law of the Sea] deadline for states to register their claims in the South China Sea, which the Philippines, Malaysia and Vietnam did and that triggered off. That came in the midst in 2009, after the Beijing ... 2008 I think is the key year – the Beijing Olympics, the uprising in Tibet, the Sichuan earthquake in September, the global financial crisis in September. This was an incredible year, so it was almost every month. There was some huge emotional event.

The Beijing Olympics was kind of channelling all this. I went to China that year and I thought you could cut the atmosphere with a knife. There was a kind of hysteria almost, which is a combination of both of pride in the Beijing Olympics, but also a sense of concern because of the Sichuan earthquake and things that happened after that, the uprising in Tibet. Things were not right either and the poisoned milk scandal, as well, at the end of the year.

It was a really incredible year emotionally, so it's in that domestic context that you then get this issue developing in the South China Sea in 2009, because of the UNCLOS deadlines. They didn't think about this when they set these deadlines back in 1992 or whatever it was and suddenly it comes in the middle of this very tense atmosphere, the global financial crisis took a section, the US is on its knees and so with that I think you can explain it historically. It's the coming together of these forces and these triggers, which have escalated it more and more.

I think Hu Jintao probably lost a lot of control over what was going on, so there's a kind of quasi consensus you look at these things. There are a lot of what happened in those years, 2008–2010–2012, it was a kind of disorganization, failure of coordination, loss of control by the central authority in China. So I think you can kind of explain it in that way.

Question 8

I wonder if I could ... there are still some people who want to ask questions, so I apologize ... I wondered if I could ask Kotani-san and Natasha just to cover the sleepwalking point. Are we sleepwalking into a nationalism-driven conflict?

Tetsuo Kotani

Living in Japan, I don't see nationalism rising, at least in Tokyo, where I live. Although the foreign media always say there's a rising nationalism in Japan, China, Korea, it's a bit strange to hear such an argument. If you talk to ordinary Japanese people, they are not nationalistic at all. For example, Prime Minister Abe is always called a nationalist leader, but every time he tries to push a more conservative agenda, his approval rate dropped down. So what the Japanese people is hoping from Mr Abe is to economic recovery, economic growth, so personally I don't see nationalism rising in Japan at least.

Perhaps in Korea or China, ordinary people just care of their daily life and economy, but as a perception I have to acknowledge there's an argument of growing nationalism and security dilemma, but my sense is that at least in many Asian countries there's a consensus that the containment of China is not a realistic option. We have to live with China and we have to coexist in that region. So I'm not so much as pessimistic about the current nationalism argument.

Natasha Kuhrt

It certainly looks very concerning. I know that Russian diplomats are actually very concerned about Chinese and Japanese potential for conflict there and that certainly informs their Asia Pacific policy, so I will just say that. Obviously, for Russia then we have the border with China. So I think economic cooperation will probably continue, in spite of the economic asymmetry, because there's a belief that being economically connected to China, they can at least benefit from China's rise to some degree and that it's probably better to hit your wagon to China in some way than not essentially.

Sir David Warren

We've got five more minutes. Unless John might allow me to squeeze him in for his 15 minutes, but there are two hands raised, which I will call you. You've both asked questions before. Is there anybody else who wants to ask a question? Let me go to the gentleman there and the gentleman there. Please say who you are again.

Question 9

Thank you. My question to Chris: please tell us more detail about [indiscernible] politics. When China is assertive and when China is low key, and it is [indiscernible] and who pushed the leader to be more assertive?

Question 10

Thank you. My question is addressed to Natasha. Following up on Ukraine, do you feel that while China would never support Russia on separatism, nor for that matter any other country's position on separatism, because of China's internal implications, notwithstanding that, do you feel that Ukraine has changed the dynamics for Putin in terms of using China to counterbalance the Western sanctions on Russia? What role, if any, does China play in Putin's wild ambitions for Eurasia?

Sir David Warren

Can we start with Chris, who might want to comment on both of those?

Christopher Hughes

I don't know the answer because there's so much speculation about why these particular things happen at particular times, was it to do with the national oil corporation that sent the oil rig out there or was it a command from Beijing? We just don't know, so what I try to do ... there are people in China who are writing on this or at least presenting on it as part of a rational strategy and you could see it. We don't know if it is or not, but you can see it as part of a rational strategy of chipping away I think was described as salami slicing. It makes good sense.

From a theoretical perspective, this is a good policy. You push, you push, you see the reaction and then you wait a bit. When things calm down, you push again, which is why I'm saying: probably after APEC there may well be another one of these incidents. It may have started actually in a less coordinated fashion, but I think the reforms that Xi Jinping's put into the policy-making system indicate that he's becoming more coordinated, more part of something that is sanctioned by the central government, part of a long-term strategy.

This is speculation. That is the nature of the debate in China, as well, which is in public. You can read what the Chinese academics are writing, but that's the kind of rationality. I've been looking at Xi Jinping, his style, his concentration of power. A good example was the ADIZ, because if you think back, it was last autumn, after the third plenum of the Communist Party Central Committee, what did Xi Jinping do then? That's when he established the State Security Council. Many of us would think, 'Oh, that's good. He's got control now over what will possibly renegade, people who are pushing the envelope,' and it didn't make much sense.

Then I think it was within 12 days, they suddenly declared the ADIZ. So what's the signal? You concentrate power, you send out the signal you're in charge and then you establish the ADIZ. That wasn't done by a renegade power or anything, so it must've been centrally authorized and planned. What conclusion do we draw then? That as Xi Jinping concentrates power, he will use it and I think the people in China want him to use it. That's what I'm saying. They want Chinese leadership to do what they've been promising to do for a long time, which is to get historical justice, going back from a Chinese perspective.

Sir David Warren

The final question is on Ukraine and how it would change the dynamics. Perhaps in answering that, I'm going to ask the panel just to say a word on that. We might also pick up the other theme, which I feel we slightly lost from the question over there, which is the views of America, US's foreign policy, US's response to Russia. Maybe I could ask you briefly just to come to that part. When you were talking about the perceived weakness of the US's foreign policy, that was part of the question. Would you like to briefly comment on that aspect?

Natasha Kuhrt

Weakness of US's foreign policy. Yes, I think ... if we talk about the pivot to Asia, there's a lot of attention paid to that in Russia and what Russia's kind of approach should be within the context of the Asia Pacific and how it might affect Russia's positioning *vis-à-vis* China. In terms of the weakness of US's policy, yeah, in general obviously Russia depicts US is kind of besieged with kind of Iraq and ISIS and all these different, while the US can't always be the world's saviour and it can't be everywhere at once etc.

That's the kind of take on the US foreign policy, but I think also Russia to some extent has seen the US–Japan alliance. There's a real ambivalence. It's seen the US–Japan alliance for the stability in the Asian Pacific, so it's kind of between a rock and a hard place because it doesn't really necessarily want to kind of see the US as dictating to the Asia Pacific and it doesn't necessarily want China to emerge as kind of the hegemonic power either. So I suppose Russia in a way does hedge its bets, like many other countries in the region. On Ukraine, did you want me to answer that part or not?

Sir David Warren

If you'd like to, because I think that was the final question. I'd like everybody to come to this as briefly as possible.

Natasha Kuhrt

Well, it clearly is a game-changer. We can't tell exactly which way it's changing the game. There are multiple ways it could go. There are certain forces that could reverberate all over the Russian Federation and could potentially actually damage the Russian Federation, because you have Chechnya, you have the North Caucasus, you also have the Ethnic Russians in Kazakhstan, so what he's done in Ukraine remains to be seen what's going to happen. It doesn't necessarily have control over the kinds of forces of separatism. I mean, when you said it's a game-changer, I don't really know what you meant, whether you meant in Europe, for the US–Russian relations.

Clearly it's already changed the game significantly. In Eurasia Russia is very concerned by Chinese economic activism in Central Asia. It always has been, but then again it kind of has to live with it and it's also given quite a few concessions to China and allowed China to kind of have free reign in some ways in Central Asia. The Eurasian Union project one might see perhaps also directed in some way against China or as a way of containing China in the longer term in Central Asia.

Tetsuo Kotani

Personally I don't buy the argument of the US decline. US is still very powerful in both hard power and soft power. For Japan, the US is still the most important ally. Although because of the mid-term elections, President Obama may become [indiscernible] for two years, but the basic sense in Tokyo is we have to work with Obama administration to maintain the regional peace and stability. For Japan, US will continue to be the most important ally and we will work on other regional issues with the US.

Christopher Hughes

I think most of us ... it's a fact. The US power is in relative decline, due to the global power shift, but what's important is what it means for policy. The Abe administration is in the national security strategy. The US is in relative decline or its relative power is declining and Abe talks about a more balanced relationship, so it's a sort of rebalancing going on there from the Japanese side.

Abe himself does not like his dependency on the US. Look at his career, what he wrote. His whole career, going back to when he was young, he doesn't like the post-World War Two constitutional settlement and its dependence on the US. He is someone who I think would like to go with this in a sense and is in all the recent security strategy documents from Japan.

If you look at the Philippines, they were very disappointed that the US didn't support them over Scarborough Shoal. They did support Japan over Senkaku, but they did not support the Philippines, so there's again a sense that the US is not reliable. Vietnam, interestingly they are looking to the US after their problematic relationship and they're hoping to get the import ban lifted.

As I said earlier, they're also looking to Russia and when I landed in Hanoi there was a big air India jumbo jet on the runway and it was the President of India. Everyone was talking about Modi talking to Xi Jinping, but at the same time the President of India was in Hanoi discussing maritime security, increased arms sales to Vietnam. So there's this diversity. It goes back to the first panel, the omni-enmeshment idea, that the US is not going to have to be that reliable, there have to be other strategies for the states in the region and that is based on this expectation of continued long-term shift of the balance of power away from the US.

Tetsuo Kotani

[Indiscernible] doesn't refer to relative decline. We basically refer to a change in growing power and we intentionally didn't use the term 'decline'.

Christopher Hughes

It says something like that. I can't remember the exact words. It certainly said something like ...

Tetsuo Kotani

We intentionally avoided using the term 'decline'.

Christopher Hughes

I haven't got it with me. I read it yesterday.

Sir David Warren

Perhaps it's characteristic that we should end on a textual dispute. Thank you very much. We've overrun, but that was a tribute to the great sweep of our panel and the very lively questions which we had from the audience. Thank you for those. Please thank the panel.

John Swenson-Wright

Thank you, David, and thank you to a panel that was extraordinarily interesting and very revealing. I'm not going to try and sum up all of our discussion over the past afternoon, but I thought I'd just make a few observations that struck me as perhaps with our thinking about. First of all, in terms of diagnosing the situation in the region, I think what was quite striking was how much of our discussion today was dominated by the question of China. China was presented primarily as the problem and I think perhaps that reflects the composition of our panel. If we had a Chinese academic presence, I'm sure it would've been touched in a different way.

Relatively little discussion on why the security concerns. Not a great deal of discussion on non-conventional security challenges or natural disasters or human security or the basic challenges of development in the region or, for that matter, if we think in terms of South East Asia, the rise of political populism and state fragility, all of which issues we could've in a sense address in the context of thinking about regional security.

Also, I think it's fair to say and it's confirmed in much of our discussion in the last panel, the assessment still remains pretty pessimistic. China is presented, I think, by many of our participants today, as a non-status quo power, a state that has a strategic plan, if you like, as Chris Hughes is suggesting and it's a use of its clenched fist strategy, all of which suggests that China is the principle problem.

Also, very importantly I think is part of the discussion, this emphasis on uncertainty and regional anxiety and the sources of those anxieties I would argue are not merely confined to China. They're also, as we've heard now, about the durability of alliance structures, about the reliability of partnerships between states that should be working together, but perhaps aren't, like South Korea and Japan.

If we move from the diagnosis to thinking about prescriptions, here I think perhaps the most striking feature of the discussions that struck me anyway was the importance of continuity and moderately modest solutions to these problems. Continuity in terms of the emphasis on alliances, as Patrick Cronin so aptly emphasized. Not only existing old alliances, but new developing security partnerships that we've seen particularly with Japan on the forefront of some of those initiatives, with an emphasis on compellence and reassurance.

Again, as Patrick pointed out, these alliances are necessary, but they're not sufficient. We need other structures in order to address these security challenges. We heard from Mely Caballero-Anthony the continuing relevance of multilateral solutions. Multilateral institutions that are very deliberately inclusive and provide opportunities for smaller states that might operate in a creative, catalytic fashion, and the example of Myanmar was

presented. Here I think what's important is proximity to China is the key to the successfulness of those states to take that potential role.

Also, continuing on the theme of what we do now, a very clear emphasis on an incremental approach and it's no accident I think that it was our Japanese participants who stressed that on perhaps most powerfully. That's very much consistent I think with the way Japanese foreign policy has been developing over the post-war period as a whole, not just under Prime Minister Abe. It is here a more optimistic message, one that stresses the importance of military to military cooperative initiatives and the ability to use existing institutional frameworks to increase confidence between China and Japan.

The most promising area for security enhancement is in the economic dimension. We heard that very powerfully in Professor Kikuchi's recommendations in his presentation, the importance of TPP and the extent to which the political environment in the United States after the mid-terms might make this a more promising initiative, given that the Republicans are likely to be more supportive of this type of free trade agenda.

Again, in terms of this afternoon's discussion, the importance of the European dimension in this context, the European Free Trade Agreements offers an interesting opportunity for thinking about progress. All of this, of course, is not new. It echoes very much the observations in the 1920s of Norman Angell in his book *The Great Illusion*, suggesting that economic engagement is the best way of ameliorating political tensions. Then, of course, look what happened then in terms of the ability of economics to bring countries closer together.

In terms of our own kind of research agenda, perhaps therefore we should be looking beyond the role of national actors and thinking in terms of civil society and the business community and how business actors might see economic engagement as providing a sovereign for dissolving some of these political insecurity tensions. We also heard in this context the importance of India as an economic actor with political awareness and I'm reminded of the observations of Paul Krugman some years ago, in the pages of *Foreign Affairs*, when he talked about the importance of pivotal states. Who are the pivotal actors at the moment in the region? Can India and Modi claim to have that particular role, given the extent to which all of the players, Japan, China, United States, are all in a sense looking to India as a potential solution and courting India as a potential opportunity?

We also learned that some of the mechanisms we might have would've been appropriate in addressing these security challenges, the use of soft power, seem particularly ill-suited at the moment and perhaps might be exploited by some of the regional actors, China, perhaps other actors in the region, to enhance the power of nationalism as a means of underscoring the legitimacy of individual leaders and individual countries. That's part of the problem rather than the solution.

The other encouraging and I would say optimistic thought to leave you with is the extent to which so many of our panellists emphasized the importance of avoiding containment, the importance of dialogue, the importance of bringing China into existing and perhaps new institutional frameworks. Again, it was Professor Kikuchi who talked about the importance of engagement. That leads us back, as a concluding thought, to the importance of institutions.

Looking again ahead to next week, what will the East Asia Summit achieve? How will it set its agenda? How will individual actors within the East Asia Summit seek to find a common agenda that embraces not just economic issues, but very important security questions? As part of that process, the lessons from ASEAN are perhaps worth bearing in mind.

A few thoughts on which to conclude: There is, I think, still an optimistic element to develop. We will be having a third of these sessions in February next year, when some of these issues will be back on the agenda. I'd like to end by thanking the Chairman for our session, our panellists and to you, the audience, and of course, our panellists from the first session. We have drinks upstairs. I welcome all of you there and thank you again for your engagement.