



THE INSTITUTE FOR PEACE & DIPLOMACY

Challenging the Conventional, Rethinking Foreign Policy

EAST ASIA STRATEGY FORUM CONFERENCE SUMMARY REPORT

CONFERENCE DATE: NOV 2021

SUMMARY PUBLICATION DATE: JAN 2022



TABLE OF CONTENTS

| | |
|--|------------|
| Table of Contents..... | <i>i</i> |
| Introduction..... | <i>ii</i> |
| Message from IPD..... | <i>iii</i> |
| Panel 1 | |
| Whose Order? Regional Powers and Clashing Conceptions of Asia’s Future..... | 1 |
| Panel 2 | |
| US-China Competition and the Emerging Asia-Pacific Order..... | 6 |
| Panel 3 | |
| A Deliberate Pacific Power: Triangulating Canada and Its Strategy..... | 10 |
| Panel 4 | |
| Calculating the Relationship: China’s Economic Impact on Canada..... | 13 |
| Panel 5 | |
| Japan, the Korean Peninsula, and the Role of Middle Powers in the Era of Great Power Politics..... | 16 |
| Keynote | |
| Conversation with Professor Jeffrey D. Sachs..... | 18 |
| Panel 6 | |
| Troubled Waters: Averting War in the South China Sea and Taiwan..... | 20 |
| Panel 7 | |
| Economic Connectivity and Competition in a Multipolar Asia..... | 26 |
| Keynote | |
| Beijing’s Grand Strategy and Lessons from Australia’s Engagement with China: Conversation with Dr. Geoff Raby..... | 31 |

INTRODUCTION

This conference report is the result of the inaugural East Asia Strategy Forum (EASF) organized by the Institute for Peace & Diplomacy (IPD) on November 17th-18th, 2021.

IPD launched EASF as an annual North American conference that convenes high-level policymakers, diplomats, foreign policy experts, and business leaders to engage in constructive discussions around current and emerging issues in the region.

This publication summarizes the proceedings of seven panels and two keynote sessions across two days, bringing together 38 experts to discuss the geopolitics, strategic thinking, and economic trajectory of East Asia and the Pacific.

All quotes are accompanied by timestamps where readers can navigate to hear from the speakers in EASF's session recordings. EASF videos of every session may be found on IPD's website.

IPD is grateful for the participation and insight of the experts drawn upon in this report.

MESSAGE FROM IPD

Dear friends,

The Institute for Peace & Diplomacy hosted its inaugural East Asia Strategy Forum (EASF) at a timely yet challenging time. The relationship between the United States and China has deteriorated to its lowest point in decades—complicated by a more confident China that is proud of its economic success and a shift in the international system towards multipolarity.

While President Biden and President Xi discussed guardrails on US-China competition in their virtual meeting last year, considering the complicated strategic and political considerations on both sides, there are still many unanswered questions about the path forward to peacefully manage strategic rivalry and its implications for other countries in the region.

On this side of the border, relations between Ottawa and Beijing have deteriorated over recent years. However, the return of Meng Wanzhou and the two Michaels has created an opening for thinking long-term about Canada's relationship with China. The Trudeau government is expected to articulate a new 'Indo-Pacific' strategy, but it is still not clear how this strategy will address Ottawa's difficult relations with Beijing and more broadly Canada's role as a Pacific power.

The objective of EASF is to answer these important questions and to establish an annual forum to discuss and debate strategic challenges that American and Canadian policy-makers face in their decision making towards the region.

I hope you find this summary report useful and join us in the next Forum that IPD expects to hold in November 2022.

Sincerely,

Bijan Ahmadi

Executive Director

Institute for Peace & Diplomacy



PANEL 1

WHOSE ORDER: REGIONAL POWERS AND CLASHING CONCEPTIONS OF ASIA'S FUTURE

SUMMARY

- *Chief US interests in Asia are fundamentally economic, not military, but there are obstacles in accepting this reality as Washington must determine whether it is willing to de-securitize its posture in the region.*
- *Although the Biden-Xi summit focused on managing great power competition, American policymakers need to contend with the fundamental question of the high economic cost of sustaining US leadership in Asia.*
- *A US containment strategy that builds exclusionary institutions is unlikely to deter a rising Beijing, particularly as the US fails to provide global public goods and sustain legitimacy for its version of a rules-based order.*
- *Misguided assumptions cloud projections of how peace in Asia can be maintained in the event of American withdrawal; the US-centric approach overlooks the important role of regional arrangements such as ASEAN in facilitating dialogue on collective security.*
- *AUKUS generated mixed reactions in Southeast Asia, but regional capitals share a common concern over the arrangement's implications for an arms race and regional stability.*

QUOTES

**DOUGLAS MACGREGOR**

RETIRED US ARMY COLONEL; FORMER SENIOR ADVISOR TO
ACTING US SECRETARY OF DEFENSE CHRISTOPHER MILLER

On defining US interests:

Our problem right now is trying to define what is our relationship and what kinds of interests do we actually have, and I would argue that our interests in Asia are really to do business to the extent that we can but to do business in a way that is mutually beneficial between the United States and China and everyone else.

08:42

On reforming US force posture:

The question is can we demilitarize our relationship with Asia - finally see Asia as essentially a large marketplace but not necessarily a place for American military power. That's extremely difficult because we have this enormous defense budget and lots of people in Washington with a permanent interest in maintaining that large budget and force structure.

09:53

**VICTOR GAO**

VICE-PRESIDENT, CENTER FOR CHINA AND GLOBALIZATION

On the choice between peace and conflict:

There are people in the United States who keep talking about China and the United States being destined to war. This is a false destiny for China and the United States. I've proposed the inevitable peace between China and the United States.

Why? Because sooner or later these two countries will figure out a way to get along with each other to treat each other with decency and respect and a war between China and the United States, if it starts on a smaller scale in conventional sphere for example may soon escalate out of control to become a total war between these two biggest countries in the world and that will result imminently in armageddon.

18:21

QUOTES

**BRIAN JOB**

SENIOR FELLOW, ASIA PACIFIC FOUNDATION; PROFESSOR
EMERITUS, UBC

On the end of American primacy:

The broad US goal... is to sustain US hegemonic primacy, to thwart Xi Jinping's ambitions and ultimately to reduce China's role to a more compliant secondary major power role in Asia and beyond that is a non-peer regional competitor. To conclude, it isn't going to happen. The era of US hegemonic primacy is over and China will not be constrained or confined to acceptance of a specific subsidiary role. How their competition plays out is unclear, but it's not going to end in a cold war-like scenario of US ascendancy and opponent collapse.

28:38

On Asia's perceptions of a rules-based order:

Asian states view China and the US as both violating systemic norms and institutional protocols when it suits their purposes. Asian states look to multilateral institutions to facilitate their interests such as the CPTPP and the RCEP and they don't see these as supported by the US in critical instances and only selectively by China who is developing its set of alternative institutions.

30:38

On securitization in American strategy:

The US has adopted an essentially militarized strategy, a narrowly conceived China strategy as opposed to a regional Asian strategy - one that advances through exclusionary regional alliances, coalitions of the willing. It's a strategy that strives to securitize broad dimensions of the international order in order to isolate and hinder China and in what I regard as a futile attempt to regain international hegemony.

31:09

QUOTES

**ELINA NOOR**

DIRECTOR, POLITICAL-SECURITY AFFAIRS, ASIA SOCIETY
POLICY INSTITUTE

On Southeast Asia's view of great power competition:

The competition with China is really for the preservation of dominance for preservation of influence and leverage in Asia and there is a concern and anxiety in Washington that the US' place in Asia and Southeast Asia is slowly going to be replaced by and undermined by China in the next few decades. So I think on the surface you have these really benign taglines that are free and open Indo-Pacific but implicitly it's really the preservation of the number one place in the region if not the world from a Southeast Asian perspective.

11:30

On compartmentalizing relations with the US and China:

Many Southeast Asian countries, even those with alliance relationships such as the Philippines and Thailand, are able to segment their ties between the United States and China based on issues and sometimes these differences between national and regional interests don't always align. We see this very starkly with the South China Sea. You only have about half Southeast Asian states who are claimants to the dispute. The other half are engrossed with another type of potential flashpoint - the Mekong.

38:51

**EUGENE GHOLZ**

VISITING FELLOW, DEFENSE PRIORITIES; ASSOCIATE
PROFESSOR, UNIVERSITY OF NOTRE DAME

On vital American interests in Asia:

I don't think the US has very many vital interests in Asia at all. Vital means living - an interest that's so important that it affects your ability to live your life as you choose and the only one I can think of that's a vital interest is nuclear deterrence. If someone were to attack the United States with nuclear weapons it would dramatically change our way of life so we have to deter that, but that doesn't actually do any work in a policy sense because we have overwhelming nuclear deterrence.

20:53

QUOTES

On narrowing the definition of vital interests:

Vital interest is the wrong way to think about this because there are so few [in Asia]. It's what's important and how important is it and can we pursue those interests without blowback or countervailing effects that make the pursuit of those interests ineffective or even dangerous and, of course, I think the United States can do that and I would hope all countries can do that too can - be restrained in their approach, they don't exaggerate the importance of interests and don't get too belligerent in insisting on their preferences.

25:25

PANEL 2

US-CHINA COMPETITION AND THE EMERGING ASIA-PACIFIC ORDER

SUMMARY

- *The Biden administration has largely stayed the course of the Trump administration's China policy and a US formula that has always consisted of competition, confrontation, and cooperation.*
- *US-China threat perceptions are exaggerated and prone to misjudgment – US liberal universalism and domestic insecurities work in tandem to inflate suspicion of China in Washington whereas Chinese colonial history reinforces a sense of national skepticism about foreign intentions.*
- *Given Washington's longstanding military presence in Beijing's periphery, Chinese pushback as a rising power should be expected, but neither side's vital security interests overlap.*
- *US efforts to obtain Chinese cooperation will not be productive if demands are consistently unilateral and unreciprocal within a securitized context dominated by confrontation.*
- *The US-China security dilemma is the most pressing threat to regional stability, and it is in the interest of both sides to ensure that conflict over Taiwan is averted.*
- *Regional capitals will increasingly adopt a balanced posture between Washington and Beijing as they try to overcome a bipolar condition given relative power shifts that reduce US primacy.*

QUOTES

**MICHAEL D. SWAINE**

DIRECTOR, EAST ASIA PROGRAM, QUINCY INSTITUTE FOR
RESPONSIBLE STATECRAFT

On US-China threat inflation:

If you step back and look more broadly at the United States and China, I think both countries tend to inflate threats and they tend to worst case the motives of others. They tend to cherry pick evidence to support those inflated threats, and they can hence easily overreact to what they see as perceived challenges. And they both tend to do a considerable amount of mirror imaging in trying to assess the motives of the other. Now all of this I think makes for a somewhat dangerous situation when there is a power transition underway, as there is now in Asia.

10:47

On US adjustment to a changing power equation in Asia:

The United States really is still in the process today of adjusting to a very different environment worldwide in terms of power distribution and levers of influence and in Asia in particular. It still hasn't really, I think, found its feet. It hasn't really established a stable foundation for what it wants to see or what role it wants to play within Asia...

[T]here's just all of these kinds of propaganda messages that are not really leading to much more specific definitions about what the United States wants, what kind of policy changes it would like to see come about and what it needs to do itself to reach those kinds of objectives. None of this has been spelled out in any clear way, In my view, by the Biden administration.

58:09

QUOTES

**RALPH A. COSSA**PRESIDENT EMERITUS AND WSD-HANDA CHAIR, PACIFIC
FORUM**On the 'three Cs' of Washington's approach to Beijing:**

The national security strategy under President Trump clearly laid out China as a revisionist power, as a country that was following policies that were against US interest in Asia and globally. That has continued. The buzzword today now is cooperate where we can, compete where we should and confront where we must, but it's always been a combination of those three Cs. The reason why the focus lately has been more on competition and on the confrontation is, in my view, not because of US desires, but because of Chinese behavior.

07:42

On ideological confrontation with Beijing:

If you attack Chinese behavior, I think you might possibly get the Chinese to change their behavior. When you attack their system - the basis of their legitimacy - obviously that's not going to occur. So to me, one of the real challenges right now for the US, while we talk about promoting democracy... we really need to be focusing on Chinese behavior and not on ideology, not on democracy, because that in fact will generate a new Cold War that will serve no one's interests.

55:30

**MICHAEL VLAHOS**SENIOR FELLOW, IPD; PROFESSOR, ADVANCED ACADEMIC
PROGRAMS, JOHNS HOPKINS UNIVERSITY**On Washington's historical psychology towards Asia:**

The US approach to the entire amity and stability of the Western Pacific and Indian Ocean is based on a model, a paradigm that no longer has any force. It has some residual, some legacy claims... but the capacity to return to the emotional commitment, to the kind of passage that we undertook successfully in World War Two is just not there.

32:33

QUOTES

On comparing the national missions of the US and China:

What I see is a collision between the inward looking needs of [Chinese President] Xi, which is to fulfill and complete this great passage of China to its destiny to mark the end of the century of humiliation. Yet the US has an aggressive narrative in which the nature, [the] state of America domestically is tied to our mission to humanity, and this has created problems for us almost perpetually through our history.

48:12

**ROBERT S. ROSS**

PROFESSOR, BOSTON COLLEGE; ASSOCIATE, HARVARD
FAIRBANK CENTE

On Asia's preference for non-alignment amid Sino-American competition:

The region is trying to stay out of the US-China conflict and increasingly we're seeing countries - South Korea, Philippines, Singapore, Malaysia and others - shifting toward a more equidistant place. We should acknowledge that this reflects a weakening of American security and a gain for China.

America, if you will, is losing its influence in East Asia as China is successfully moving these countries further away from the United States, a little closer to China. That's a zero sum game and the United States is not going to be able to reverse that nor I think are we going to be able to stabilize that... we shouldn't think that this is going to be Chinese hegemony and that China is the next naval superpower taking over the world. We're witnessing the emergence of bipolarity in East Asia.

50:56

On China as a status quo or revisionist power:

China is not a status quo power. It is a revisionist power that doesn't like the status quo that existed on China periphery from 1949 to the present. And it wants to use its greater economic power to weaken the American presence on China's coastal borders. That's what's going on here. That's a conscious effort to do that. And is it the outcome of China's rise? You bet it is. They have more capabilities to achieve their security and they're going to use those capabilities to achieve that security.

70:14

PANEL 3

A DELIBERATE PACIFIC POWER: TRIANGULATING CANADA AND ITS STRATEGY

SUMMARY

- *An Ottawa that adopts the terminology of an 'Indo-Pacific' cannot escape the US-centric proposition it represents, but Canada does have an opportunity to ensure it is more aligned with regional values and ASEAN centrality.*
- *Policymakers should be cautious about crafting an East Asian policy that is driven by US concerns over its potentially reduced footprint in the region as opposed to genuine Canadian interests in Asia.*
- *Ottawa may find lessons in Tokyo's regional approach that grants it greater pragmatism in contrast to Australian foreign policy that remains consistently aligned with the U.S.*
- *When framing a regional strategy, Canada must be cognizant of how cooperation with allies and friends must not come at the expense of its freedom of action as a sovereign state.*
- *Irrespective of its commitment to a trade diversification agenda, Canada cannot substitute or avoid a China that is central to regional trade agreements as well as supply chains – otherwise risking economic isolation from Asian trade networks.*
- *Regional capitals will likely respond negatively to Canada discarding its multivector, pragmatic diplomacy in favor of rigid commitments to Washington's China policy.*

QUOTES

**MARGARET CORNISH**

HONORARY RESEARCH FELLOW, UBC INSTITUTE OF ASIAN RESEARCH; BOARD ADVISOR, IPD

On the choice between an Asia-Pacific or Indo-Pacific policy:

Asia Pacific is the appropriate approach, but if it has to be a 'Free and Open Indo-Pacific' formulation, which the Canadian government may feel a little cornered into accepting, I think it can still focus on the values and the interests of an ASEAN-centered Asia rather than a US-centered Asia. I think what I'm looking for is recognition that our interests are as a relatively small trading nation dependent on foreign trade and foreign capital, global stability, and a new evolving system of rules with the buy-in from the rest i.e. the non-Western world and not just the wealthy countries in the world.

09:43

On determining Canada's core interests in Asia:

Our core interest is one to pursue our economic interest in Asia and that requires that there is not a contention - a cold war between the United States and China. I see our interests as aligning with the middle powers. The middle of powers in the world shifted to being middle powers in Asia, by and large plus one or two states in Europe. It's connections with those countries that we need to make and develop. The strategy we want to see, whether we call it 'free and open', we need it to be fully focused on 'stable' and 'inclusive'. These are the values of the ASEAN states and ASEAN as a whole.

25:06

**JEFFREY REEVES**

VICE-PRESIDENT, RESEARCH & STRATEGY, ASIA PACIFIC FOUNDATION

On making sense of Canada's economic engagement strategy in Asia:

The ASEAN economic community blueprint is built around BRI cooperation. My answer of whether or not Canada should be involved in BRI projects or activities is if you're not, you're going to be largely outside the rest of the Asia Pacific in terms of how it's engaging with China and how it sees the BRI. That will just add to the overall perception that Canada is an outsider power that is unwilling to play by local rules and that doesn't understand regional sentiments or regional narratives around things like Chinese investment and engagement.

41:51

QUOTES

On assessing Australia's China policy:

Increasingly, under the Morrison government in particular, Australia serves as a prime example of what not to do and some of the challenges around the approaches that it's taken. If you do look at the decision to strike out and essentially adopt a foreign policy towards China that's primarily adversarial at its heart, what eventually this has meant is that Australia has become more isolated in terms of its strategic opportunity and that its room for maneuver has been resultantly limited.

53 : 52

**PAUL EVANS**

PROFESSOR AND HSBC CHAIR IN ASIAN RESEARCH, UBC

On differing visions of the Indo-Pacific:

The challenge we face in this is the vocabulary of Indo-Pacific is fine. If we can define it with Asia Pacific characteristics. I must say that I think the Japanese conception of Indo-Pacific is one that to me is much more consonant with that value or that value proposition than is the Australian or the American. We're going to see Indo-Pacific come in different shades.

The key is how clever and how systematic our leaders are going to be in defining exactly what that Indo-Pacific with Asia Pacific characteristics looks like, because I think there is ambivalence in Ottawa about lining up for what some of my colleagues called containment of China.

17 : 14

On finding middle ground as a middle power:

In general terms, we need a mechanism for providing distance, something between us and the [US] alliance strategy. Now, some say there's no room for that anymore - the middle power is dead because there's no middle left. I think that's an overstatement. I think that there is a middle left... we at least see the best of ASEAN thinking in what that middle world could look like.

23 : 36

QUOTES

**JEREMY PALTIEL**

SENIOR FELLOW, IPD; PROFESSOR, CARLETON UNIVERSITY

On the need for nuance and an economic reality check on China:

The room for nuance is declining, but it's absolutely necessary because China is the world's second largest economic power - the world's largest manufacturer. What it means - the idea that somehow we can have a free trade agreement with ASEAN as an alternative to trading with China - is an absurd one given that China is a core member of the RCEP and all the value chains are regional. What happens is, if we want to go that route, we actually end up isolating ourselves from transpacific value chains. We actually marginalize ourselves as a manufacturing power.

31:22

On distinguishing a formula for cooperation and competition for Canada:

We should be making clear to our friends in Washington that there is value to the United States in Canada maintaining a slightly different division of the dichotomy of cooperation-competition than the United States has.

Because as the United States is looking for what areas to compete in and what areas to cooperate in, and the questions of possibilities of cooperation come in, there is low cost of testing of the waters and how to cooperate with China if a country like Canada does it in some areas. That leads a way and creates an atmosphere of cooperation which could then be expanded without it turning into strategic competition. The cooperation itself becomes embedded in strategic competition.

59:02

PANEL 4

CALCULATING THE RELATIONSHIP: CHINA'S ECONOMIC IMPACT ON CANADA

SUMMARY

- *The pandemic and political headwinds have posed challenges for Canadian firms in China, with them not faring as well as their US and European counterparts in recent years.*
- *Rising tensions between China and Canada are a major cause for concern for Canadian companies hamstrung by the absence of clear policy direction from Ottawa.*
- *With foreign markets for Canadian goods in India and other developing countries contracting throughout the pandemic, China remains one of Canada's only enduring export markets where trade has actually increased over the same period.*
- *Negotiating China's application to CPTPP provides an opening for Canada to secure market reforms that would improve upon commitments already established through the WTO, producing a de facto trade agreement.*
- *Canada must be conscious of the fact that peer competitors in the Western alliance, particularly the US, will aim to secure concessions from China that benefits American commerce at Canada's expense – as evidenced by the US-China trade deal.*

QUOTES



SARAH KUTULAKOS

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER,
CANADA CHINA BUSINESS COUNCIL

On the impact of Canada-China trade beyond face value:

We sent \$38.6 billion in goods and services to mainland China and Hong Kong in terms of our exports. The total economic impact of those exports was more than double the amount of direct trade value in 2019. And that resulted in almost \$77 billion of value to Canada.

09:09

On the shortcomings of an unclear China strategy for Canadian business:

The lack of a Canadian strategy for China definitely, I think, puts Canadian business at a disadvantage. We know from two successive years of surveying business people that they do not think that the Canadian government has a clear strategy for China. That's what we heard in 2020. And in 2021 more than half of respondents said they did not approve of the Canadian government's strategy for China.

45:43



CARLO DADE

DIRECTOR, TRADE & INVESTMENT CENTRE, CANADA WEST
FOUNDATION

On the unavoidability of dealing with the Chinese economy:

Even if we were somehow to manage, to move away from China, we would be moving into markets where China is the largest foreign trade partner, where China is the largest investor, where China is the regional political power, not the US. So in thinking about this from a Western Canadian standpoint, even if we were somehow miraculously able to run away from China, we would still run into China.

35:01

QUOTES

On new and pre-existing trade arrangements with China:

When we talk about the trade agreement with China, we're talking about a second trade agreement with China. We already have a trade agreement with China. We're talking about improving that trade. I'm of course, referring to the World Trade Organization. That is a trade agreement. It governs trade. There are rules for trade, tariff cuts, mechanisms for resolving disputes. So really in terms of the psychological barrier, we need to realize in Canada that we already have an agreement with China and we're talking about improving it.

67:48

**YANLING WANG**

ASSOCIATE DIRECTOR AND PROFESSOR, NORMAN
PATERSON SCHOOL OF INTERNATIONAL AFFAIRS,
CARLETON UNIVERSITY

On the complementarity between the Chinese and Canadian economies:

[China's] middle class wants high quality goods and services and that plays to the Canadian advantage, really the Canadian firms' great service providers. So there is a lot of complementarity between the Canadian economy and the Chinese economy, and also the middle class really presents a very good opportunity for the Canadian firms to expand either in terms of trade volume or in the second part, in terms of direct investment.

40:31

On framing how Canada should view China's CPTPP bid in context:

China applied to be a member of CPTPP and maybe there's something we could do. Again, I think we really need to be realistic, if you look at the 11 members in CPTPP, nine of them already have existing free trade agreements with China, either through regional or bilateral agreements. The only two that don't have? It's Canada and Mexico.

56:52

PANEL 5

JAPAN, THE KOREAN PENINSULA, AND THE ROLE OF MIDDLE POWERS IN THE ERA OF GREAT POWER POLITICS

SUMMARY

- *Middle power status is premised on an ability to establish an alternative pathway amid great power politics, to articulate one's own interests and concerns, and to serve in a mediating capacity between the great powers.*
- *South Korea has undertaken a more active foreign policy role that prioritizes multilateral initiatives and peripheral engagement with its New Northern Policy and New Southern Policy.*
- *Given their usual position as frontline states in crisis zones, middle powers often choose to act as a balancer to the more dominant great power to secure a degree of autonomy in their neighborhood.*
- *Seoul and Tokyo are increasingly cognizant of the importance of strategic autonomy, maintaining opportunities for Chinese collaboration while buttressing US security partnerships.*
- *Middle powers are confronted with unique foreign policy challenges that are distinct from great power competition, with Japanese-Korean relations a case-in-point.*

QUOTES

**NOBUSHIGE TAKAMIZAWA**

FORMER DEPUTY SECRETARY-GENERAL, NATIONAL SECURITY SECRETARIAT; FORMER JAPANESE AMBASSADOR TO THE CONFERENCE ON DISARMAMENT

On the need for middle powers to raise their own voice:

I think middle powers should articulate their concerns and points to the major powers - China as well as the US and sometimes Russia and so on. I think articulating their concerns will be very important. When I was in Geneva, I thought that some European countries were not really talkative when the US demanded something, even in the disarmament discussion, so I saw that many countries are looking at me, Japan, not the EU, not in Europe. Japan is in a position to say something straight to the US.

15:52

On clarifying the purpose of the Quad and AUKUS:

With regard to the Quad and AUKUS, I think that it is really important to articulate the position that when it comes to deterrence, when it comes to the fundamental principles, that the countries are united and utilizing some framework for strengthening deterrence. I think that's not a kind of element destabilizing the situation. I think it's quite transparent and articulating its mission and so forth. I believe that the Quad and AUKUS are not necessarily the destabilizing factor.

60:11

**SARANG SHIDORE**

DIRECTOR OF STUDIES, QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

On the potential future of the middle power concept amid great power politics:

Middle powers [may] emerge as complicators... to dial down the security competition or dial down the bipolarity between the United States and China and act to seize initiative in ways more than just around the edges of modifying the free and open Indo-Pacific concept... [instead] taking the region's destiny into their own hands [to] dilute the influence of the two great powers in tactful and more constructive ways.

That future is also open because middle powers, by definition - the word gives a sense that they have influence. These are not great powers in terms of setting the overall global framework, but they can actually move goalposts.

34:26

QUOTES

On rethinking the security dilemma, deterrence, and de-escalation strategies:

One person's deterrence is another person's threat and vice versa indeed. So the challenge in Asia, not yet in a full-blown form but it could emerge quite soon, is how do we move away from a mutual idea of strengthening deterrence - because deterrence will have a response, and then we'll have a counter response on the other side - to actually a de-escalation of what could be the biggest threat to the so-called middle powers, which is a bipolar, very intense, very sharp security competition in Asia - indeed also, I think, a negative scenario for the great powers themselves.

70:46

**YVES TIBERGHIE**

PROFESSOR AND KONWAKAI CHAIR IN JAPANESE RESEARCH, UBC; DIRECTOR, CENTRE FOR JAPANESE RESEARCH, UBC

On Japan's efforts to carve out a middle power foreign policy:

Japan normally doesn't call itself a middle power. This is not an idea that's been picked up or that was liked, for example, by the Abe government. However, for practical matters, in terms of pure positioning in the rising bipolar world that we are facing at least in Asia, Japan or Korea and others - Singapore, maybe Indonesia - they de facto are in the position of middle powers because of the great forces being unleashed by the two great giants, the US and China, and everyone else has to kind of adjust to it. They're trying to find ways to not just adjust and be chaos takers or rule-takers, but to become rule entrepreneurs in this process.

22:55

On differentiating Tokyo's vision of the Indo-Pacific and China's role within it:

The Japanese version of FOIP is very different from what became later the American version and other versions, because it has those three pillars. Yes, there is a strong focus on security, rule of law, et cetera on one hand, and Abe does increase the credibility of Japanese security and accelerates cooperation with the US et cetera on security and provides resources to Southeast Asian nations like the Philippines and others.

But on the other hand, it keeps the economic pillar of FOIP open to cooperation with China because the realities today - 27% of Japanese exports go to China and it has increased over the recent years, despite all the changes.

27:58

QUOTES

**JOHN NILSSON-WRIGHT**

KOREA FOUNDATION KOREA FELLOW AND SENIOR FELLOW,
CHATHAM HOUSE; SENIOR LECTURER, CAMBRIDGE
UNIVERSITY

On South Korea and Japan's ambitions to demonstrate their own foreign policies:

We really have seen increased activism on the part of both South Korea and Japan to present themselves as policy innovators, policy entrepreneurs. We see that in South Korea with the efforts by both progressive and conservative administrations to embrace new multilateral policy initiatives like NAPS I [Northeast Asia Power System Interconnection] or more recently under the Moon administration, the New Northern Policy, the New Southern Policy.

We see it, of course, in the case of Japan, with a willingness on the part of the Abe administration going back to 2013 to frame the concept of a free and open Indo-Pacific. It's really interesting to see those states taking the initiative to try and occupy the rhetorical space between the traditional great powers.

20:08

On Seoul and Tokyo's balance between autonomy and alliances:

Nuclear proliferation and nuclear weapons capacity are increasingly raising worries about the credibility of deterrence and particularly over the most critical issue in the region... I think both South Korea and Japan increasingly have had to adopt policy, at least within the defense communities, that recognizes the importance of increasing both strategic autonomy and strengthening defense cooperation with the United States in order to shore up deterrence.

46:43

KEYNOTE

CONVERSATION WITH PROFESSOR JEFFREY D. SACHS

SUMMARY

- *The state of Washington's China policy is largely a result of the U.S. establishment's inability to determine an effective response to China's displacement of American economic leadership.*
- *A commitment to maintain global US primacy has spurred Washington to adopt a more confrontational posture that frames Chinese relations in zero-sum terms.*
- *The virtual Biden-Xi summit is a productive step forward but must be regularized as part of a broader reconstruction of dialogue mechanisms.*
- *Policymakers must remain vigilant to the centrality of the Taiwan issue in the US-China relationship dynamic, especially how revisiting the One China Policy may elevate the risk of conflict.*
- *American allies can play an important moderating influence on Washington's China policy to prevent a revival in the Cold War mindset while providing alternative channels for engagement.*
- *Moralism and idealism could be the Achilles' heel of the Sino-American relations, allowing hawks to cast the relationship as an existential struggle leading to armed crusadism.*

QUOTES

**JEFFREY D. SACHS**

DIRECTOR, CENTER FOR SUSTAINABLE DEVELOPMENT,
COLUMBIA UNIVERSITY; FORMER SPECIAL ADVISOR TO UN
SECRETARY-GENERAL

On China's challenge to US primacy and Washington's policy response:

China's economic success has really unnerved American policymakers. They don't know how to address it. So rather than attribute the increased tensions to specific actions by China or specific provocations, I believe that what we are witnessing is more structural but no less worrisome.

That is that with China's economic rise and especially with China's increasing technological sophistication, American policymakers went into a mode of confrontation on the view that US primacy in the world - US dominance of technological and military and economic and financial systems - was threatened. Since China was the source of that threat, the US needed a new kind of confrontation with China.

03:09

On the means through which US allies can moderate a renewed Cold War:

What America's friends should be doing is saying to America, calm down, we don't want a Cold War and you don't want a cold war and there's no winning a cold war. In fact, the divided world is a loss for everybody. It's very dangerous. It makes every kind of global problem solving, much harder...

Canada can play a very important role. I've always said Canada's, the decent conscience of North America. And it's really important because America is a very strange country, very strange culture, very divided country whereas Canada has its act together, much more normalcy, clear thinking and so on. I think the role Canada can play is not a break with the US. There is a long border that makes that not so smart, a profound economic cultural, personal interdependence that makes it impossible, but guidance and saying to the US really tone it down.

18:22

PANEL 6

TROUBLED WATERS: AVERTING WAR IN THE SOUTH CHINA SEA AND TAIWAN

SUMMARY

- *While 'strategic ambiguity' could permit misunderstanding of America's Taiwan policy, 'strategic clarity' risks openly antagonizing Beijing and triggering a hot conflict.*
- *An inability to recognize the facts on projections of a US-China war over Taiwan detracts from sound policy calculations and minimizes the diplomatic options to deter Chinese intervention.*
- *The likelihood of conflict in the Taiwan Strait is much higher than in the South China Sea, but conflict is not inevitable.*
- *AUKUS' exploitation of an NPT loophole to allow transfer of nuclear submarine propulsion reverses US policy on the transmission of weapons-grade uranium and will encourage others around the world (particularly US adversaries) to consider doing the same.*

QUOTES

**LYLE GOLDSTEIN**

DIRECTOR, ASIA ENGAGEMENT, DEFENSE PRIORITIES

On AUKUS' nuclear submarine dimension and an Asian arms race:

[Nuclear submarine deployment] is absolutely no silver bullet. China's pulling out all the stops on ASW [anti-submarine warfare] and this is just one more impetus for their own submarine program. I have to say I think it's quite likely there'll be ramping that up extensively and guess who they're going to work with – the Russians. There's already talk of making undersea warfare cooperation a major focal point of Russia-China cooperation after AUKUS. We've got to realize we're in an arms race already. Are we just intensifying the arms race?

70:43

On defense budget inflation and accurately gauging security risks:

I'm concerned about countries like the Philippines, which don't have a lot of money lying around and have huge threats. The Philippines faces an existential threat from climate change. Every two years they get hit by a super typhoon. Now each one is worse than the next. Are we really, with a straight face going to go to this country and say we think you should buy some frigates and maybe some trucks with anti-ship cruise missiles instead of buying hardened electric infrastructure and bunkers for these towns which are about to be hit by a super typhoon. I mean, to me, it really is wasting their resources to try to urge them to prepare to fight China, which I think is not a major threat.

80:29

**PEGGY MASON**PRESIDENT, RIDEAU INSTITUTE; BOARD ADVISOR, IPD;
FORMER CANADIAN AMBASSADOR FOR DISARMAMENT**On framing Chinese behaviour and strategic empathy:**

I think the most important, basic misperception – and I think this is not just for public consumption – is the argument that China wants to drive the United States out of the region and the rejection of any notion that a great power would not do that. I think that's extremely unhelpful. I also think that that United States has tended to over characterize China's behavior with respect to the South China Sea and underemphasize China's perception of its actions as necessary and reasonable in the circumstances.

17:21

QUOTES

On AUKUS and its precedent-setting under the Non-Proliferation of Nuclear Weapons treaty:

This action [AUKUS] by the United States is a fundamental policy reversal. Heretofore, it has made every effort to thwart the transfer of naval reactor technology to other countries... What this transfer would do is exploit a well-known loophole – a military use that is not prohibited is naval nuclear propulsion.

The problem that arises is that this means that the fissile material... [is] weapons-usable uranium – and they have to be taken out of international safeguards for the duration of their use in the nuclear powered subs. We're talking about huge amounts and that's the dangerous precedent. There's the precedent being set. Australia has said that they'll abide by their commitments under the NPT... this would be the first time that a non-nuclear weapon state party to the NPT was doing such a thing.

70:46

On the need for more diplomacy in the US-China relationship:

This containment strategy is not the answer for the United States or its allies. The real answer is a much less confrontational military stance and much more American diplomatic engagement and cooperation with China on climate. There was this disagreement over what the readouts were on whether or not the cooperation on climate was conditional on other things. And I think that as a practical matter, cooperation with China on climate requires backing off on the China-as-enemy rhetoric.

The [Biden-Xi] summit is a very modest but positive start to that, but policy steps need to carry this forward. The million-dollar question is does President Biden have the political capacity to do this? Let us all pray fervently that he does.

87:16

QUOTES

**ZACK COOPER**

CO-DIRECTOR, ALLIANCE FOR SECURING DEMOCRACY;
SENIOR FELLOW, AMERICAN ENTERPRISE INSTITUTE

On debating the novelty of Chinese behaviour and parallels in other rising powers:

I think almost all rising powers are bullies. If you look back at the United States when it was a rising power, maybe relatively at the same period which China is in now in terms of its relative power, take the 1890s, the US certainly did some things that look a lot like bullying. So I think it's a little bit unfair to call China a bully and say that it's dispositional because in fact, this is what rising powers do. They try and change the status quo. There's nothing inherently good or bad about that. That is just the nature of what happens with rising powers.

The existing order was created when they were relatively weak and they want to align that order more closely with the new balance of power. Whether we really want to call that bullying or some type of revisionist behavior I think is a debate we could have. But I do think if you look at China's behavior, yes, it wants to revise the existing status quo and that shouldn't be surprising. As I said, that's exactly what we did when we were in a similar stage.

13:25

On the utility of freedom of navigation operations and alternatives for upholding stability:

I think too often, FONOPS have been seen as the answer to all problems in the South China Sea and I actually have been pretty critical of them in the past - not because I think they're particularly escalatory. I think the Chinese shadow the ships and then the ships are gone and the problem is over. It's not that there couldn't be a clash over a FONOP. I just think the likelihood is relatively low.

What I think the problem is though is if you're Beijing, does this fundamentally change your behavior in some way? I don't think it really does. And if you're a regional state, is a FONOP from the United States, really what you're looking for. I don't think so. I think if you're the Philippines, for example, what you're hoping for is that you can use the oil and gas rights that you have in your exclusive economic zone. A FONOP doesn't help when you do that. If you're Vietnam, you want fishing rights that you're entitled to and your exclusive economic zone, the FONOP doesn't help do that.

So my preference would be to see the US focus more on helping other claimants uphold their legal rights under the UN Convention on the Law of the Sea.

50:57

QUOTES

**DAVID WELCH**

UNIVERSITY RESEARCH CHAIR AND PROFESSOR POLITICAL
SCIENCE, UNIVERSITY OF WATERLOO

On potential deterrence to avert conflict over Taiwan:

I think the best of all possible worlds is to make sure there is absolutely no ambiguity on the part of Xi Jinping. A quiet message on the side saying, 'look, we don't want to make a public deal out of this. We don't want to rub your nose in this but just so you know, we will not tolerate any effort to take over Taiwan. There will be a response.'

Whatever the war games say, I think the fact of the matter is there would be a response. There would be a hue and a cry from within the United States, from among friendly democratic countries who feel that fidelity to our own principles requires that we not stand for that, even if it's costly follow-up to defend our principles.

30:04

On threat inflation over China's ambitions in the world order:

I've never seen a Chinese blueprint for a dramatic revision of the rules-based international order. It's an incremental revision. When China does innovate in terms of global governance, they innovate in a way that's basically complementary to existing global governance arrangements and not fundamentally contrary to it.

I think there's a lot of the generalized fear of China doing things that just aren't on the Chinese agenda and my read of that is that China has got so many internal problems. They can't afford to spend the time and energy to dominate the region. The primary goal of the regime is to stay in power and to do that, they mostly have to deal with an enormous domestic to-do list.

75:24

PANEL 7

ECONOMIC CONNECTIVITY AND COMPETITION IN A MULTIPOLAR ASIA

SUMMARY

- *Beijing is serious about undertaking steps to comply with CPTPP, which it views as both enhancing its regional market access and incentivizing its structural reform agenda at home.*
- *China's bid to enter CPTPP is an opportunity for Canada and other members to induce regulatory reforms in China and establish more taxing standards, but USMCA's poison pill clause could complicate these efforts.*
- *Washington continues to lag behind Beijing in offering a credible economic roadmap in Asia that could match the delivery, financing, and willingness of Chinese partners to execute regional infrastructure priorities and adjust policy to accommodate bottlenecks.*
- *Asian capitals prefer to engage BRI and B3W, CPTPP, RCEP, and other competing initiatives simultaneously, but could resist external pressure that demands exclusive membership.*
- *Despite the rhetoric, reality is that reshoring, supply chain restructuring, and trade diversification away from China are in fact not taking place with both the US-China and the Canada-China commercial ties continuing to deepen.*

QUOTES

**HUGH STEPHENS**

DISTINGUISHED FELLOW, ASIA PACIFIC FOUNDATION;
FORMER ASSISTANT DEPUTY MINISTER, POLICY AND
COMMUNICATIONS, DFAIT

On the risk of a US veto on China's CPTPP entry through USMCA:

[USMCA Article] 32.10 doesn't prevent Canada or Mexico from entering negotiations with China effectively, but it does require notification and sharing of information and of course is a bit of a hammer over the head because the US can, at the end of the day, decide that it's going to exit the USMCA and just make it a bilateral agreement with either Canada or Mexico. So there's no question that it's a point of leverage.

I think we don't know if they're going to exercise this point of leverage with respect to Canada or Mexico in terms of responding to China's [CPTPP] application. I would hope that they don't, and I would hope that the Biden administration could be convinced that it's in the US' interest to let this play out and to engage with China in the CPTPP process.

07:30

On the opportunity of holding China to higher standards through CPTPP:

Everybody talks about the high CPTPP standards and there are great disciplines on SOEs and so forth, but there are also phase-ins and exceptions. We know that the exceptions were made for Vietnam and Singapore [and] Mexico have state-owned enterprises. China will come to this probably no doubt seeking some accommodations, but if it is prepared to move forward, this really does present an opportunity.

I think that it's important for Canada and for the other CPTPP members to take China's bid seriously. It may be a combination of both a tactical move and a strategic long-term undertaking. It's probably a bit of both, but certainly let's see to what extent that this application can be turned to the advantage of the economies in the region.

36:09

QUOTES

**DAVID DOLLAR**

SENIOR FELLOW, BROOKINGS INSTITUTION; FORMER
COUNTRY DIRECTOR FOR CHINA, WORLD BANK

On US protectionism and Chinese seriousness over CPTPP:

I think the reason why the [Biden] administration, after talking multilateralism, the reason they mostly are pursuing bilateral trade discussions is that we have a pretty strong protectionist streak in the United States now in both political parties and if you want to go multilateral, pretty much everybody else is into opening up and freer trade and the US, to be honest, our trade negotiation is mostly aimed at protecting specific industries, specific interest groups and that is the message out there to our allies...

I think China is very serious about joining the Trans Pacific Partnership [CPTPP]. They're going to want some adjustments compared to the original negotiation, but I think they're quite serious and I think the benefits to the other partners are going to be very, very large.

11:00

On the lack of evidence of US-China decoupling:

I'm very skeptical of the idea that there's any significant reshoring going on. We do have certain types of data that come through in real time. China is going to have its biggest year of trade in history in both directions. China's share of world exports is going up and so that suggests there can't be any big net reshoring out of China. There can be some specific products – we know some final assembly shifted to places like Vietnam and Cambodia – but obviously other aspects of Chinese value chains grew because the net is they're exporting more than ever.

While I'm the one who kind of decried this protectionist tendency in the US, we're also going to have a historic amount of trade for the US economy in 2021. Even the US-China trade, despite the trade war and the tariffs, US-China trade is going to hit a new historic high this year [i.e. 2021]. I think that there is a very important foundation of global trade, and politics obviously can get in the way and can interfere with some specific aspects, but I'm impressed.

I think if you came down from Mars and you just looked at the data, you would not know that there was a trade war going on between the United States and China, that in fact this relationship just continues to deepen.

62:03

QUOTES

**SHIHOKO GOTO**

DEPUTY DIRECTOR FOR GEOECONOMICS, WILSON CENTER

On China as a guarantor of economic security in the absence of the US:

On the economic front what we have seen is an absence of US, not just leadership, but really a vision for the region. And at the same time, we've really seen the region move forward, especially on the trade front. We've seen this commitment to transparency and efficiency through the embracement of CPTPP, through RCEP, and they've actually have been able to gain confidence over the last five years to do that without the United States.

The fact of the matter is that China is the region's biggest trading partner, and there is value to be seen in collective economic security, as much as collective military security. In the lack of US leadership on the economic side, as the only option right now to kind of see this collective economic roadmap is through these multilateral trade deals, but that doesn't really address the real concerns of the region.

Some of the big issues that are really being raised – it's not about lowering tariffs or even addressing non-tariff barriers. It's really about addressing issues about the role of government and stimulating the economy and boosting competitiveness and addressing inherent economic weaknesses.

15:43

On tradeoffs between an economic or values-based approach to Asia:

Asia is a very vast, very populous region and it's very diverse in its culture, its religion, its language, its heritage. [Given efforts to engage the region on values-based policy] what unites them is not values. It is interests. And there is an interest about ensuring that there is stability and... [adherence] to the status quo. Values is more seen as something that unites the United States more with its European partners...

The Biden administration is hosting a Summit of Democracies early next month and there's been much concern in the Indo-Pacific theater about what exactly this will be, what types of participants will be involved. At the end of the day, it is not democratic values that unites this region. It is about ensuring transparency ensuring that there is a commitment to efficiencies and that there is fairness all around.

78:47

QUOTES

**SAMANTHA CUSTER**

DIRECTOR OF POLICY ANALYSIS, AIDDATA, WILLIAM & MARY
GLOBAL RESEARCH INSTITUTE

On the advantages of Chinese infrastructure provision versus traditional lenders:

China's infrastructure financing is a function of scale, speed and strings. China can do things at a scale that most other bilateral donors and even multilateral donors are unwilling to do. They have tripled the number of what we call mega projects that are financed by loans worth more than \$500 million each. That is a realm of size that most of the bilateral and multilateral actors aren't playing at. But the terms are not as good.

I think that the other thing that China is known for is the speed of being able to deliver this financing very, very quickly and not be gummed up in these processes of standard setting that a lot of the multilateral organizations and other bilateral actors are seen as doing. I think that the other thing in China's favor is the strings, of course, that for a lot of countries in the region, when they're comparing what's on the offer from the World Bank or from Germany, for example, as compared to what China can offer, China offers more money. It's less generous, but the strings that are attached come down the road. So you get the benefits now and the quid pro quo obligations later. I think for your typical World Bank lending instrument you have the conditionalities upfront and that means that you've got the costs upfront that you have to pay.

27:08

On US criticisms of BRI and the reality of Chinese project implementation:

[US projects] compared to Belt and Road Initiative projects, which are often thought of as practicing circular lending, where China is agreeing to deals [where] the money never leaves China, because countries are asked to purchase goods, supplies from China – it's Chinese firms that are actually implementing the projects. That creates criticism from countries that say, hey we're not seeing jobs. We're not seeing benefits for our local firms.

What's interesting now is that for the US in the most recent infrastructure bill, you have this buy American emphasis that kind of removes for the US the ability to take the higher ground and say, hey we do things differently. On the flip side for China, what's been interesting, you may have run across a new strategy they are employing called Luban workshops, which are a really interesting way that they are synchronizing multiple tools where you have higher education, industry, and economic assistance, all working together where they're partnering Chinese universities, Chinese firms together with countries that are part of BRI to deliver vocational training at the local level within countries. The desire is to say, we don't need to bring in Chinese laborers. We can employ locals that are, too, standard. It's a way that China has had to adjust its policies in response to criticism from countries.

68:16

KEYNOTE

BEIJING'S GRAND STRATEGY AND LESSONS FROM AUSTRALIA'S ENGAGEMENT WITH CHINA | CONVERSATION WITH DR. GEOFF RABY, AUSTRALIA'S FORMER AMBASSADOR TO CHINA

SUMMARY

- *Beijing's strategic posture is largely premised on its historical insecurities that make it prioritize the linkages between its territorial integrity and political cohesion.*
- *Reluctant to affirm the transition away from a US-led international order in which it finds itself a stakeholder, Canberra's foreign policy has stubbornly binded itself to Washington's China policy.*
- *Australian policymakers are increasingly accustomed to having frayed relations with China, which makes Canberra vulnerable to shifts in America's conception of national interest away from an interventionist posture.*
- *As evidenced by AUKUS, Australia's posture in Asia remains beholden to partners in the Anglosphere which might contradict its regional interests over time.*

QUOTES

**GEOFF RABY**

FORMER AUSTRALIAN AMBASSADOR TO CHINA, APEC, AND THE WTO; FORMER DEPUTY SECRETARY, DFAT

On the origins of China's grand strategy:

I think it's worth trying to understand what China's grand strategy is. They've never published a document saying this is our grand strategy, but I think it could be divined from their behavior. I think the key thing about China's grand strategy first and foremost is to understand it's actually based on weakness, not strength.

I come to that conclusion really because of the circumstances in which the People's Republic of China was founded... the Communist Party did not take over a functioning formed state or nation when it prevailed in 1949, but rather it acquired shards of territory. For the first decade or so of its existence, it had to piece those shards of territory into something that looked like a nation-state... There are two elements of China's grand strategy, and none of these will surprise you. One is territorial integrity, and the other is maintaining the rule of the Communist Party. And these are actually mutually reinforcing.

The view from Beijing from a security point of view is that territorial integrity requires the rule of the Communist Party to maintain the coherence of the Chinese state. On the other hand, any concessions in their territorial integrity would see the end of Chinese Communist Party rule in China and relapse into chaos.

04:51

On Chinese leadership in a new world order:

A lot of people talk about an emerging order, a changing order, the coming order, but I actually go one further and declare that the new world order is here. It already exists. It's in front of our eyes. We can see it and we need to understand this as well, in terms of shaping and calibrating our responses to China.

The world, as I describe it, is a multipolar order, but following John Mearsheimer, I argue that it already has the shape of two bounded orders. One is a Chinese-led bounded order where China is clearly the dominant power and that embraces much of Eurasia. And the other is a US-bounded order. Now it doesn't mean the orders don't interact, overlap, and obviously they cooperate at times, but there's a very clear definition that has emerged in the global system.

What is not often appreciated is an important element of an order is the creation of institutions to underpin that order. And if you look back to the early 2000s, China has demonstrated tremendous institutional entrepreneurship in building institutional structures to support its order.

06:47



**THE INSTITUTE FOR
PEACE & DIPLOMACY**