2024 Air and Space Power Conference
Transcript – Strategic Update in the Region

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BILAHARI KAUSIKAN: Good morning, everyone. I must thank the Royal Australian Air Force for inviting me to address your Air and Space Power Conference. This is the third time you have done so, and it seems to border on recklessness. (LAUGHTER) Your confidence is an honour, and I will do my best to meet your expectations. Please remember the only official position I now hold is that of pensioner. I speak only for myself.

I will start to provide a strategic update on the Indo-Pacific. This is a vast topic and vast region, so I will necessarily need to hold a very broad brush. My aim is to connect today's presentation with my two earlier talks and, by doing so, provide a broad framework to analyse the geopolitics of our region and catch a glimpse of its future. I have entitled my presentation to the Future of the Indo-Pacific Order. Let me briefly reprise what I said on the two earlier occasions.
In 2018, I spoke about how to think about geopolitics in East Asia.
This was essentially a plea to abandon a simplistic, binary mode of thought when dealing with our immensely complex region. In 2022, I spoke about China's strategic dilemmas, which was an attempt to apply some of those complexities to show that, while China was certainly a substantial geopolitical and economic fact that could never be disregarded, it was nevertheless not 10 feet tall. It was unlikely that Beijing would fully achieve its ambitions. China was facing serious geopolitical complications; in fact, one of the most serious complications, affecting not just China but all countries in the region, including the United States, was that unlike during the earlier period of US/Soviet competition, US/China competition was not between two separate systems, connected only tangentially but within a single global system that was certainly under stress but, unless there was a catastrophic event, such as a major war between the US and China, it is very unlikely to completely bifurcate into two separate

systems and this makes the US/China competition complex, not binary. The challenge for China was how to shift the US from the centre of this system and occupy that space without destroying the system and continuing to benefit from it. The US faces a challenge of maintaining American dominance and competing with China without fundamentally changing the system. Both must try to meet the challenges of external competition while dealing with urgent internal problems. Neither Beijing nor Washington DC has yet found any satisfactory solution.

Two years on, I don't think China's geopolitical situation has improved. In fact, one could argue it has further deteriorated because its demographic and economic situation has weakened. While Xi Jinping's grip on power is firm, I am hard-pressed to think of any policy over the last decade that can be described as an unqualified success, including the signature Belt and Road initiative.

China will always be a substantial power that cannot be ignored. No country will ever refuse to deal with China, but ask yourself, in the vast arc of countries from north-east Asia down to Southeast Asia and up through the Malacca Straits and into the Indian Ocean and South Asia, which countries can China rely on? Beijing's relationship with its only formal ally, North Korea, is fraught with distrust. Pakistan, a state continually teetering on the brink of failure, but fortunately for all of us, never falling over an asset or liability? As the war in Ukraine grinds towards a stalemate, the same question could be asked of Russia's long-term future. These questions can be asked at all, which is perhaps itself an answer. The other countries Beijing can perhaps rely on are the Maldives, Laos, Cambodia, the Solomon Islands and a few others. What these countries bring to the overall strategic equation is an open question.

China's reputation in what we now call the global south and in some parts of the BRICS is generally higher than the developed world, but does that change the Indo-Pacific occasion? The global south and BRICS represent a mood rather than a real convergence of interest. The G7 is a more coherent grouping of greater economic and strategic weight and all its members have concerns about China.

Let's look at the other side of the Indo-Pacific equation now. Japan, South Korea and Australia are formal US treaty allies. These alliances have been all

reinvigorated by the Ukraine war. NATO and America's Indo-Pacific allies are taking greater interest in each other. The US has recently brokered tripartite meetings between itself, Japan and South Korea and, more recently, between itself, Japan and the Philippines. Japan has finally discarded the post-war Yoshida doctrine to increase its defence budget and true cabinet reinterpretation and legislative changes and has shared constitutional constraints on its security rule. The court links the Pacific with the Indian Ocean by bringing in India. AUKUS is another link with which Japan is eyeing some sort of relationship.

In Southeast Asia, Singapore, while not an American ally, has a long-standing defence relationship with the US. It has allowed the US military to use its naval base, the only place after Japan where aircraft carriers can berth alongside. Vietnam and Indonesia, two key members of ASEAN, have taken quiet steps to improve defence ties with the US, as has the Philippines under the current President Markos Jr. His predecessor, Duterte, represented the anti-American streak of Filipino nationalism but improved defence relations with Japan, the principal US ally in the region. Malaysia's defence relations with the US reportedly include allowing US aircraft to fly missions through Malaysian territory; however, there is a periodic spasm of anti-Westernism that sees the Malaysian body politic.

In geopolitical terms, all these countries are keynotes in the island chains that stretch from the northernmost points of Japan down through Taiwan, the Philippines, and the eastern archipelago. These chains are through which the PLA's navy, and in particular, its nuclear missile submarines, must navigate to reach the open waters of the Pacific.

The clustering around the US to different degrees and in different ways, some less formal than others, of almost every state along and near the island chain is a serious strategic liability for China. The exceptions are Myanmar, Laos, which is landlocked, and Cambodia. The last name has reportedly provided China with air and naval facilities. Still, I will leave it to military experts to assess how significant this is, given America's access to many more facilities of its allies and partners.

Only Thailand has been constrained, or constrained itself, in what it has been

able to do with the US by the internal political distractions of the last 15 years. Despite the strains with the US after the 2014 coup, Bangkok has maintained a baseline of cooperation through global role exercises. Beijing's unfavourable geopolitical situation is, I think, a key reason why the risk of a US/China conflict by design - conflict by design, by which I mean war being used by Beijing as an instrument of policy, such as Putin is attempting in Ukraine, is not high. Whatever we may think of them, Chinese leaders are not gamblers, particularly since war would roll the dice on the most vital of the Chinese Communist Party's core interests: the preservation of its rule.

Another key reason is nuclear deterrence. The prospect of mutually assured destruction kept the peace between the US and the former Soviet Union. I think this will prevent direct conflict between the US and China and between China and India. The real risk is conflict caused by miscalculation or an accident getting out of hand.

However, if anyone is inclined to pop champagne, I must emphasise that the situation I have briefly sketched is subject to two major qualifications.

First, China's unfavourable geopolitical situation is not so much the consequence of successful American diplomacy as it is the result of the failure of Chinese diplomacy. Now, it will not be easy for Beijing to rectify its mistakes. Still, relying on a rival's mistakes is not a strategy. Second, the alignment of interests that underpins Beijing's unfavourable geopolitical situation is not set in stone but is situational and conditional. That is true of all alignments of interests, all alignments of interests everywhere, but perhaps more so in the Indo-Pacific than in other regions because the stability of the Indo-Pacific, more than in other regions, is disproportionately dependent on the US and is thus vulnerable to changes of American policy. We should neither downplay nor exaggerate this vulnerability. I will elaborate on each of these two factors in turn and conclude by drawing some tentative conclusions about the future of the Indo-Pacific order from them.

First, China's mistakes. At an ASEAN Regional Forum Meeting in 2010, the then-Chinese foreign minister was reported to have told ASEAN foreign ministers, and I quote, "China is a big country, and other countries are small countries, and

that's just a fact." Now, China's size is indeed just a fact that applies not just to ASEAN but to every country in the Indo-Pacific except India. But why emphasise such an obvious fact if not to try to intimidate? Diplomacy is never only about being polite, nice or agreeable, but resorting to open intimidation is a sign of poor diplomacy. It's hard to see Chinese diplomacy in the Indo-Pacific as a success. By virtue of its size, its proximity, and its economic weight, China will always have a significant influence in the region, particularly in Southeast Asia. But big countries also have a responsibility to reassure smaller neighbours, and this is a responsibility that China has not only failed to fulfil but, as those remarks indicated and other Chinese diplomats have time and again demonstrated by word and deed, China's diplomacy often seems to go out of its way to accentuate the natural anxieties of small countries about a bigger neighbour. And not just diplomats but, more threateningly, the PLA. The very same factors that give China influence - size, proximity, and economic weight - have thus also aroused concerns across the region; although not often articulated, most countries in this region don't often criticise the US either, and their nature and intensity differ from country to country. It is hard to think of any country without anxieties over one aspect or another of Chinese behaviour. This includes countries very dependent on China, such as Laos, Cambodia, and Pakistan, where attitudes on the ground are sometimes very different from official attitudes. Clumsy Chinese diplomacy aggravating these concerns goes a long way to explaining countries clustering around the US. Over the last decade, anxieties have grown, particularly in the maritime domain, given Beijing's increasingly assertive behaviour in the East and South China Seas and Taiwan. The same applies to Chinese behaviour towards India in the Himalayas. Prime Minister Modi came to power in 2014, prepared to improve relations with China, but his overtures were met with aggressive behaviour by the PLA in the Himalayas. Now, the PLA is an organ of the Chinese Communist Party, and I doubt even the most audacious PLA ground commander would have acted without the party's approval. Underpinning China's assertiveness is the strong narrative of humiliation, rejuvenation, and achieving the China dream, by which the CCP under Xi Jinping has just more insistently than any of his predecessors to legitimate his right to rule. Viewed from this perspective, China's

claims on land and sea circle strategic and domestic political goals. Strategically, in the maritime domain, until recently, Chinese nuclear submarines had to navigate through the island chains in the Pacific Ocean for their missiles to reach the continental US, making them vulnerable to interception. The credibility of the most survivable of China's nuclear forces, hence its second-strike capability, is thus dependent on the island chains to the East and South China Seas. Now, China is reported to have deployed a new generation of submarine-launched ballistic missiles capable of reaching the US from its territorial waters without running the island chain gauntlet. What impact this will have on the strategic importance of the East and South China Seas remains to be seen. However, what is certain is that the domestic political significance of Chinese maritime claims in these waters will be undiminished. The domestic political significance of China's maritime claims is as important as its strategic purpose and may well increase over time. As for the disputed border with India, a glance at the map must lead to the conclusion that it is connected with Beijing's need to consolidate its grip over Tibet, which is of both strategic and political importance. China has offered to recognise India's claim to Arunachal Pradesh, which contains a strategic route connecting it to Tibet. The construction of a road in this territory precipitated a 1962 war. Politically, these claims, particularly the maritime claims, put flesh on the bare bones of the Chinese Communist Party's legitimating narrative. Since the end of the dynasty, it has rested on China protecting its sovereignty. The Communist Party has always used this narrative, but after reforms, and in particular, after the admission of businessmen, capitalists, in other words, to the party, the orthodox justification of class struggle lost credibility, and the party was left with no other legitimate narrative, except its economic performance. Now, I am not a great believer in the idea of peak China, that China has reached its peak. Slow growth is still growth. However, unless China makes fundamental policy changes, its economic prospects can no longer be a straight-line extrapolation of its performance in the 1990s and the first decade of the 2000s. I see no sign that any fundamental change of policy is being contemplated. At the last two sessions in March, Premier Li urged all levels of government to "tighten their belt". But most of the policies he announced seemed

only tweaks to business-as-usual approach. He placed great emphasis on the promotion of what he called "new-quality productive forces". But all issues, such as youth unemployment, a better social safety net for an ageing population, housing and health - among others - are still substantially unresolved. With all these problems still substantially unresolved, can China leap ahead to excel in the new technology-powered industries? Particularly when it seems to be facing an internal and external crisis of confidence. Well, I'll leave you to decide. The political importance of the narrative of humiliation, rejuvenation and achieving the China dream to the Chinese Communist Party cannot be overstated. No system, however authoritarian, can recover. The crucial element of the Chinese Communist Party's legitimating narrative. However, the inconvenient fact is that the most extensive territorial losses were to Imperial Russia and its state, with whom China now claims a partnership without limits. Territorial losses to Russia are beyond even the pretence of recovery. India is now a nuclear weapon state, and a repeat of the 1962 war is too risky. So, what's left to impress the Chinese people with the Chinese Communist Party's resolve and success in defending China's sovereignty and territorial integrity? What's left are Taiwan and the tiny islands, atolls, shoals and reefs of the East and South China Seas. However, the Chinese Communist Party's legitimating narrative makes diplomatic compromise difficult, except as a tactical experience. This is because it infuses a strong element of entitlement into Chinese foreign policy. If I'm only reclaiming what was taken from me when I was weak, why should I compromise? "Why should I not be assertive when reclaiming my property? What will my people think of me if I am not assertive?" It will be very difficult - well, nigh impossible, I think - for China to significantly modify its behaviour, for example, by stopping or scaling back its military and quasi-military deployments in disputed territories and waters. After all, "Why should I not deploy and operate my military assets in what is mine? How can I stop without looking weak?" I think to call China a revisionist or a systemic competitor - as some do - is an overstatement. But the Chinese Communist Party's legitimating narrative is certainly strong, and the party is a prisoner of its own narrative, which it both uses and fears. And herein lies the risk of an accident getting out of hand. This risk increases over time as China faces a future

of uninspiring growth. China is in no danger of collapse or the Chinese Communist Party losing power. Still, there is a strong possibility that, as growth slows and domestic uncertainties raise the party's insecurities, it will act out this narrative even more strongly, at least in relation to the weakest claimants, as we have already seen in the case of the Philippines. Now, this does not mean that China will be reckless. War could draw in the US and its allies, which could seriously jeopardise China's key interests, which is the continuation of party rule. In the East and South China Sea, the China Sea is an attractive means to advance Beijing's domestic political goals, as war would be absurd. Still, at a time of slowing growth and domestic uncertainty, China must balance its interests in mitigating the risks of competition with the US with its interests in using these claims for domestic political purposes. Only time will show where the balance will ultimately settle. President Biden and President Xi met at the San Francisco APEC Summit in November last year. Preceding and following their meeting, there has been a resumption of US-China high-level contacts and dialogues in various domains, and this is all to the good. Military-to-military dialogues reduce the risks of accidents and miscalculations, even if they cannot entirely eliminate such risks. But fundamental issues remain unresolved, and what calm currently exists is fragile. Now Taiwan. Taiwan both conforms to and potentially modifies the pattern of Chinese behaviour I have been describing. Modifies it because of the far greater, indeed crucial, importance of Taiwan to the Chinese Communist Party. In this respect, Taiwan confronts us with a paradox. On the one hand, Beijing's policy towards Taiwan cannot be considered a success. Currently, the prospect of peaceful - that is to say, voluntary reunification - is slim, zero or close to it. Hong Kong's fate has destroyed the credibility of the One China, Two Systems formula as a model for Taiwan. While geopolitical tensions with the US, chronic structural problems, and Xi's assertion of party control over the private sector have dimmed the attractiveness of China's economy. However, Taiwan is also the central issue of the party's legitimating narrative. Xi Jinping has, on several occasions, said that the China Dream could not be achieved without reunification, and he has set an implicit deadline for realising the China Dream - the 100th anniversary of the founding of the PRC in 2049. Still, paradoxically, a war over unification is not

imminent, not inevitable, and, in my judgment, unlikely. Beijing will, of course, never renounce the military option. Xi has instructed the PLA to acquire the capability to exercise it by 2027. But regardless of whether or not the PLA will meet the deadline, we should not mistake capability for intention, and I do not think the military option is China's preferred option for reunification. The PLA simply does not have the capability or the war-fighting experience to exercise it with confidence of success, even when it acquires the capability. The last war the PLA fought was in 1979 against Vietnam. While its sheer weight ultimately prevailed, it was very much a victory, given systemic corruption in the PLA leadership, including in rocket forces; whether the PLA can acquire the capability by 2027 or even 2049 is an open question.

The indispensable precondition for a successful operation against Taiwan must be to deter direct intervention by the US and its allies, as Putin has done in Ukraine. Furthermore, capturing Taiwan by force will require an amphibious operation on a scale that no one has attempted since the Second World War. It will be an immense gamble that the Chinese Communist Party cannot afford to lose. No Chinese leader can survive a bungled operation against Taiwan. Given Taiwan's place in the party's narrative, a failed operation will shake the roots of China's party rule.

The PLA can destroy Taiwan, but what is the use of taking over a smouldering rock? However, there are two scenarios in which China must resort to force, even if success is not assured. No Chinese leader can survive fighting under these scenarios, and party rule will be undermined if it does not fight. The first is a low-probability, high-impact scenario in which Taiwan revises its ambition of acquiring an independent nuclear deterrent. Taipei harboured such ambitions in the 1970s and was advancing them until the US found out and put an end to its program. Still, there is reason to believe the ambition has never entirely gone away. Given recent developments in American politics, it is not to be taken for granted that the US will necessarily react in the same way if Taiwan revives those ambitions. A nuclear weapon armed Taiwan or Taiwan as a state means an end to reunification; even as a distant aspiration, China must fight.

The second scenario is if Taiwan's domestic politics take an untoward

turn that crosses Beijing's red lines. Unfortunately, this is not a low-probability scenario. The risk is not that some Taiwanese leader will unilaterally declare independence; it is unlikely that the responsible politicians will do so because there is no political advantage in doing so.

So polls have shown there is declining public support for the two extremes of independence and reunification. Most Taiwanese just want the status quo to continue. At the same time, polls show a growing sense of a Taiwanese Chinese identity that is increasingly detached from the mainland Chinese identity and this is draining the idea of one China and the 1992 consensus on one China of political meaning. The DPP is converging in this respect.

The consequence of this growing sense of a separate Taiwanese identity is precious to both the KMT and the DPP to defend Taiwan's sovereignty. Beijing must react to their actions. The PRC coast guard's boarding and inspecting of a Taiwanese cruise ship after the coast guard caused an accident that killed two Chinese nationals on a boat that intruded into waters near a Taiwan-controlled island is a recent case in point. China's response to this particular incident and the election of another DPP President was measured. A dynamic could easily be set in motion that raises the risks of miscalculations, misunderstandings and crossing of undefined red lines because Beijing may not know what its own red lines are until incidents occur. The increasing frequencies of the PLA air force and navy patrols and exercises around Taiwan must increase the probability of accidents, particularly if China steps up grey zone operations around Taiwan or against features off the Chinese coast or in the South China Sea occupied by Taiwan. Given the sensitivity of the Taiwan issue and the emotions it arouses among Chinese citizens, accidents will be difficult to contain. The risk of an escalatory dynamic being set in motion by Taiwanese domestic politics is amplified by two trends that have steadily grown in prominence since the end of martial law and the evolution of democratic politics in Taiwan. The first is a decline in the Taiwanese will to defend itself, which I do not think the shock of the Ukraine war has reversed. The second is a concurrent rise in Taiwan's sense of entitlement that because it is the only Chinese democracy, the world, or at least that part of the world represented by the US and its allies, must come to Taiwan's defence.

The interaction of these two trends in the context of Taiwanese domestic politics is troubling.

None of this, however, is intended to imply that conflict is inevitable. The Taiwan issue may never be resolved, but it can be managed. Successful management depends on keeping the myth of reunification credibly alive, so Beijing may not feel that it has no option but to use force. Xi Jinping's implicit deadline of 2049 for achieving the China dream is a complication but not an insurmountable one. Mr Xi will be 71 this year, next month. In 25 years' time, he will, in all probability, not be in power, and this deadline can be quietly shelved by a new generation of Chinese leaders. The key is to buy time and prevent the Taiwan issue from coming to a head. This will require collaboration between Beijing, Taipei and Washington. This will be difficult but not impossible. The two X factors, the unknown and potentially disruptive factors, are, first, Xi's reintroduction of a single point of failure into the Chinese system through the abolition of the concentration of power and the quality of information fed into this overly personalised decision-making process. Second, the interplay between the domestic politics of China, Taiwan and the US, particularly the last. American politics will be the single most important influence, both in the immediate, this year's presidential election, and over the intermediate and long term.

This brings me to the second major qualification, US policy. The November presidential elections will be an important milestone. Still, it would be a mistake to place too much emphasis on the personality of Donald Trump, should he be elected. Major changes in US policy in this region, particularly in East Asia, were underway long before anyone considered Mr Trump a serious political contender. Mr Trump is as much a symptom or catalyst of deeper currents in American domestic politics. After the end of the US/Soviet Cold War, the US faces no existential threat anywhere in the world. China is a peer competitor. Russia is dangerous. North Korea and Iran's ability to disrupt shall not be underestimated. But none of them is an existential threat to the US. Absent an existential threat, there is no longer any compelling reason for Americans to bear any burden or pay any price to uphold international order and this is one of the key factors driving the changes we are witnessing in American domestic politics

and foreign policy.

The key priorities of every post-Cold War administration have been internal, with George W. Bush being an exception forced by 9/11. This is sometimes presented as a retreat from the world or isolationism. I think it is better understood as a unilateral redefinition of the terms of America's engagement with the world. Something occurred in Southeast Asia half a century ago; after it was forced to cut its losses and withdraw from Vietnam, the US forced direct intervention to maintain equilibrium in East Asia as an offshore balance, with South Korea as an exception that I think sooner or later is bound to be corrected. The US has been remarkably consistent and successful in maintaining balance in East Asia ever since. After the withdrawal from Afghanistan, something similar is occurring in the Middle East, where even as I speak, the US is playing the role of offshore balancer in the Gulf quite well, in my opinion.

It will eventually shift to such a role in Europe, too, delayed but not diverted by the war in Ukraine. An offshore balancer is not in retreat but it is more discriminating, call it transactional, if you like, about whether and how it gets involved, demanding much more of its allies, its partners and friends. In this respect, there may be less difference between the 45th and 46th presidents, and either may be more comfortable than admitting. The Biden Administration has placed more emphasis on consulting allies, partners and friends; that is all for the good, and let's hope it continues. Let's not forget that the Biden Administration is not consulting you for the pleasure of your company but to determine what you are prepared to do to help further America's goals. Call it polite transactionism.

I don't think the 47th President, whoever he is, will be different in substance, although he could be much less polite. Polite or otherwise, the reliability of an offshore balancer will all be in question. Too activist a stance will invoke fear of entanglement, and too passive will evoke fears of abandonment. The balancer will always be considered too hot or cold by somebody and never just right by everybody. All of us in the Indo-Pacific are thus confronted by two fundamental long-term realities. First, we must deal with both the US and China. Second, all of us have concerns about some aspect or another of both US and Chinese behaviour, and these realities are not going to change, no matter who is in

charge of Beijing and Washington DC.

What do we do under these circumstances? As the informal clustering around the US I described earlier demonstrates, the immediate effect has been a better appreciation that improving relations with the US is a necessary condition for dealing effectively with China, and this will be true, regardless of who wins in November. There is no substitute for the US and we will find some way of working with whoever occupies the White House. We in the Indo-Pacific are nothing if not pragmatists.

However, precisely because we are pragmatists, in the longer run, uncertainties about the direction of post-Cold War US domestic politics and foreign policy are likely to lead to a looser Indo-Pacific order. This doesn't mean the countries will turn to China instead of the US. The concerns about China are never going to go away. We are likely to seek strategic flexibility, flexibility - I don't like the word autonomy because it is too stark, and this will be true of formal US allies as well as the formally known alliance. This is the meaning of the often used and not fully understood phrase, not wanting to choose. It does not mean being neutral because neutrality is not a unilateral act but needs to be respected by others. It is not self-evident that it will be respected in the Indo-Pacific. It does not mean maintaining distance between the US and China, and it certainly does not mean being passive in the midst of great power competition because, historically, at least in South East Asia, that has been disastrous for those foolish enough to attempt it.

Not wanting to choose is a dynamic and proactive strategy. It requires continual alertness, agility, the ability to assess situations clinically, and a laser-light focus on your national interest. Let me illustrate this with regard to my own country. When Singapore says we don't want to choose, and we are among the most assiduous users of that phrase, it means we will choose according to our interests in different domains, and we see no need to line up all our ducks in one direction or another. There is no need to line up all our interests across all domains in one direction or another. In the defence and security domain, we have clearly chosen the US and the West, generally, and made that choice long ago. Some of our political interests are more compatible with Chinese attitudes,

for example, on certain interpretations of human rights, and the latitude of so-called universal rights allows other countries to involve themselves in our internal affairs. As far as economics is concerned, we are positively promiscuous. There is no trading partner we don't want a piece of. Law and prudence permitting, of course.

What is true of Singapore is true of other countries in the Indo-Pacific, naturally in different ways according to their specific circumstances and capabilities. In the long run, we are therefore likely to see more fluid patterns of relationships emerging in the Indo-Pacific as countries, including or perhaps particularly US allies, seek to maximise strategic flexibility to deal with the uncertainties of a more transactional offshore balancer.

Different coalitions of countries are likely to continually form, dissolve and reconstitute themselves around different issues as their interests dictate, a condition that one might call dynamic multipolarity. Some of the groups may include the US but not China and participation in one group does not preclude participation in others. Consistency is not necessarily a virtue.

India is a member of the QUAD and China-led Shanghai Corporation organisations, and it maintains its relationship with Russia. This is entirely logical behaviour, and the conditions are dynamic. The agreement for the Trans-Pacific Partnership, which Japan took the lead to form after the US renounced the TPP but in which Beijing has sought membership, despite having earlier criticised the TPP as being directed against it, is another early indication of the direction the Indo-Pacific may be heading. ASEAN countries have always been omnidirectional in their foreign policies. This trajectory is not against American interests. Acceptance of strategic flexibility by US allies, partners and friends does not signify an end to the American alliance system but may be the necessary condition for preserving it.

It is a fundamental mistake to conceive of any international order as necessarily uncontested or based on an identical conception of all interests in all domains. Competition between states is an inherent condition of international relations, based on sovereign states and divergent definitions of interest, even

amongst close allies, is an inherent condition of sovereignty. For 40 years after the end of the Second World War, the only international order we knew was defined by the contest and debates over its parameters. There is nothing unusual in the kind of
Indo-Pacific order I see evolving.

Ladies and gentlemen, when I talked to you two years ago, I observed China and North Korea's nuclear weapons capabilities would eventually lead to US extended deterrence being questioned, and I concluded, and I quote from myself, I do not think Japan or South Korea are eager to acquire independent nuclear deterrence. Such a decision will be politically very difficult and internally divisive. However, reluctantly, the logic of their situation and events would lead them in that direction. Nothing that has happened since then has led me to modify this assessment, and such an outcome is entirely compatible with, indeed, maybe, the necessary consequence of the dynamic multipolarity I see as the Indo-Pacific's future order.

Ladies and gentlemen, two years ago, I had no time to talk about North Korea, but let me conclude today with a few words about that very important issue. The possibility of North Korea giving up its nuclear weapon or missile development programs is zero. Pyongyang's most vital interest is regime survival. This is an existential issue, and Pyongyang sees these programs as indispensable to this goal. There is no incentive that can be offered to or cost imposed on Pyongyang that can persuade or compel it to give up these programs because to do so is tantamount to regime change.

Beijing is not enamoured with these programs, but North Korea and China are two of only five existing systems in the world, and Beijing's most vital interest is to preserve party rule. On this issue, Beijing is completely risk averse and, indeed, continually insecure. Beijing will never be complicit, however indirectly, in regime change in North Korea because that may give the Chinese people inconvenient ideas about their own system. To Beijing, tolerating North Korea's nuclear and missile programs is the lesser evil. North Korea is, however, rational and can be dealt with in the same way as we deal with all nuclear weapon states: by deterrence and diplomacy. Despite the regime's inflammatory rhetoric, it is

highly improbable that it will again start a war to reunify the Korean Peninsula as it did in 1950. Such a war will almost certainly draw the US and its allies in and would put its most vital interest, regime survival, in jeopardy. We should not assume Kim Jong-un's declaration in January this year that he was renouncing peaceful reunification as a policy goal is necessarily an indication that he intends to fight a war for reunification as likely. I think it is more likely it is a recognition of the reality of two Koreas and the beginning of a healthy move out of the deep shadows of his father and grandfather's legacies. We tend to focus on North Korea's military programs, about Kim Jong-un's assent to power was marked by the announcement of a policy which placed equal emphasis on military and economic development.

Before I retired from government, I visited North Korea. When I last visited Pyongyang in 2013, two years after Kim Jong-un came to power, there were tangible signs of development. Undoubtedly, more symbolic than anything else but nonetheless real. In late February this year, North Korea media reported that Kim Jong-un had said he was "Ashamed and sorry for neglecting economic development outside Pyongyang" and called for a rural industrial revolution. Acknowledging achieving this won't be easy, along with military spending on nuclear weapons.

The apology may be, probably, mere lip service, but any sort of apology from any North Korean leader is a rare event and is not to be dismissed. Only time will tell whether having made what he considers sufficient progress in his nuclear weapon and missile programs, Kim Jong-un will return to diplomacy in order to further his economic agenda. In any case, I don't think either North or South Korea is interested in reunification. To reduce the risk of miscalculation, it is better that they acknowledge and deal with each other as separate sovereignties and the US and Japan recognise North Korea and not just de facto and conclude a peace treaty with it. We shouldn't dismiss the possibility, at least.

I have often heard the argument for the US or Japan to formally recognise North Korea and conclude a peace treaty with it is to encourage bad behaviour. I don't find such arguments convincing. Rewarding bad behaviour is hardly unknown in international relations generally and in North Korea specifically. What

else was the agreement of 1995 - the Korean Peninsula Energy Development Organisation Agreement - what else was it about? To describe it in plain words, it was an attempt to bribe Pyongyang to stop behaving badly. It did not work as expected. Without getting into futile debates about responsibility for its failure, the fact is North Korea then had no nuclear weapons capability. Its development of such a capability, however rudimentary, could change his calculations or interest, particularly when he develops a second strike capability, the US, boosting its confidence in its regime survival. Regime survival is a modest ambition to accommodate and stabilise by deterrence and diplomacy, and this may lead to discussions on arms control and non-proliferation. What are the alternatives? Sanctions clearly haven't worked. What is left? A war, too late for that, I think.

I have chosen to conclude with North Korea because it is a prime illustration of the general that runs through all three of my talks at this conference. This theme is a need to avoid simple binary moods of thought when thinking about a complex region. North Korea is a complex problem that doesn't fit into any simplistic mental framework. It appears some countries prefer not to think about it sometimes, allowing Pyongyang to confront us with a fait accompli. The Obama Administration did nothing about North Korea for eight years and called it strategic patience. Trump didn't have the discipline to set realistic goals for his attempt at diplomacy. The Biden Administration now lumps them into one category and contrasts it with the West. This binary categorisation is not a policy and ignores real differences in how these countries define their interests in the degree of integration into the world economy and the scope of their ambitions, which is as important as what they have in common. There is a lot of room for debate when dealing with opaque countries. I am only using North Korea to illustrate how simplistic modes of thought narrow strategic imaginations, constrain policy options and may lead to dangerous forced choices, such as war, for instance. On that note, I shall end. Thank you for listening to me so patiently. (APPLAUSE) Is there time for questions? I have gone overtime.

MICHAEL SLEEMAN: We have time for one question. Thank you, Mr Bilahari for your remarks on the shared strategic challenges we have. Last time you were

here in 2022, we threatened to bring you back to shake things up a bit and I think you have done so. I have time for probably one question. I have had a lot come through on the app, so thank you to those that have posted them. I will start with this one; "Excellent presentation, thank you. Can you elaborate on the association of South-East Asian nations, ASEAN, and their influence on the future of the Indo-Pacific from a security point of view?"

BILAHARI KAUSIKAN: ASEAN is a misunderstood organisation, even by those who ought to know better, including some ASEAN members. The fundamental purpose of ASEAN is to manage relations among its members. We are not a happy band of brothers singing in perfect harmony. If we were indeed a happy band of brothers singing in perfect harmony, there would be no need for ASEAN. In a sense, everything else we do is a means towards managing relationships among its members. Certainly, our external foreign - ASEAN's external engagements, whether through the ARF or EAS and so on, are secondary purposes of ASEAN. Primary responsibility for foreign policy, security, and defence has always been national and not regional, and that will always be the case. I think there will always be a function for ASEAN in the Indo-Pacific. It will be one of many frameworks: QUAD, AUKUS, the American alliance system, and bilateral relations with the Americans. Ours is a messy region and the regional architecture will necessarily be messy. Rather than thinking of a single security architecture, it is better to think that the Indo-Pacific architecture will be one of multiple overlapping frameworks, of which ASEAN will always be one. That is my answer, and I apologise for taking so much time; there is no time for any more questions.