Brussels Forum

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Great Powers in Asia: Is Strategic Competition the New Normal?

Ms. Suhasini Haider: Ladies and gentlemen, please welcome senior fellow for Asia at GMF, Dr. Daniel Twining.

Dr. Daniel Twining: Thank you very much. I'm Dan Twining. I run the Asian program at GMF alongside my colleague, Andrew Small, and a very dynamic team based in Europe and the United States. Asia's rise is a global phenomenon. I think there was a period of time not too long ago where we would have had a transatlantic conversation around security and governance and other issues, and a transpacific conversation.

But as I think you saw in this last session, China's rise, and particularly as a force that is impacting and possibly imposing some cracks in the transatlantic relationship. We've seen this big debate over the past week about European membership in this Asian infrastructure investment bank. We have similarly seen lots of stresses over Chinese investments in Europe, over fissures within Europe in terms of European commercial diplomacy with China.

So there are a lot of pressures emanating from Asia on this world that the west built, and which is, I think we've discussed over the last 24 hours, looks like it's fraying in important respects.

There are also, though, excellent opportunities for the United States and the Europe to work together in Asia. Think about our ally, Japan, which was our core western ally during the cold war, and remains our closest ally in terms of interest and values in this region.

We think about India, the world's largest democracy. In 10 years, it will also be the world's largest country. It's growing faster than China, right now. And so there's a big story coming out of India.

And when we think about the future of the liberal order, we certainly would like to imagine a world in which the world's biggest centers of democratic power and values, which includes Japan and India, and the U.S. and Europe, can work together.

So at GMF, we have put in place this long-standing Asia program which is very much about trying to reunify and reorient the west to take on these opportunities and challenges emanating from Asia.

We have also sought to ensure that the impacts of Asia's transformation of the international system do not impose undo strain on the transatlantic alliance, do not prize it apart. But in fact, help pull it together. And so our work centers very much on reorienting our alliance, and our community of values around dealing with this very dynamic part of the world in Asia.

At GMF, we run a set of U.S./Europe/Asia trilaterals around China, India, Japan. We've done a set of reports on transatlantic approaches to Pakistan, on internet freedom debates, and developing in Asia, and what that means for the west.

We have very much focused again on ensuring that the United States and Europe pivot to Asia together, rather than pivoting separately. And again, I think this Asian infrastructure investment bank debate we've seen over the last week is a--is, frankly, a reflection of our need to coordinate a little more closely going ahead.

At the end of the day, we look ahead to a world in which the west is frankly a smaller part of it than it has been for the last 500 years. In a fundamental sense, but we believe that if the U.S. and Europe can hold together and actually strengthen their commitment to collaboration in this new world, we can sustain a liberal order with a very strong western core, even as we work with new allies and partners in Asia.

With that, I'm going to hand it over to Suhasini Haider to take it away for us. Thank you.

Ms. Suhasini Haider: Thanks a lot, Dan. Thank you for that introduction. Hello and good afternoon. I'm Suhasini Haider; I'm a journalist from India. For full disclosure, in case anyone thinks I'm coming from any side of this particular

competition that we're talking about today. We're discussing the great powers in Asia. Is strategic competition the new normal? So, there's no doubt about it, but we really are talking about is what the rivalries inside Asia mean for the world? And how much is the world playing an active part in either helping those rivalries go along, or in fact, in growing and deepening some of the differences between the Asian powers.

I'm very pleased to be joined by one group. I'm just going to introduce my panelists in a bit, but I wanted to tell you we're doing something different with this particular session. We will go with this panel. We'll talk about India, China and Japan in particular. But of course, the whole world is watching this, not just inside Asia, outside as well.

So the second half of our panel, we'll actually bring in a second group of panelists if you like. And we're going to try and engage you into this discussion as much as possible. Because at the end of the day, just as Daniel said, you know, the last conversation we heard was supposed to be about the transatlantic relationship, and ended up speaking really about how much Asia's rise, and particularly China's rise is impacting that.

So, we're hoping that all of you will get into this conversation as well. We want to start, actually, with playing our word cloud game. And I wonder if we can get the question for that up so that all of you can answer. Essentially, we wanted to

do this as an experiment and I'll tell you at the end of the session what the experiment is.

Do we have the word cloud up there? What word comes to mind to describe Asian powers? What is the word that you think about when you think Asian powers?

Okay, so we have about 25 seconds. So, please, do put in a word that you have over there. Ah-ha, I can see that we're already getting--we've got both "tense" and "dynamic" in there. I think that's--"rising" is getting bigger. China. China. China. Yes, of course. All right. And I like the word "unpredictable" in there as well, because of course that is one of the themes that I heard over the last day that we understand this part of the relationship, but with the Asia it always gets tricky because just what looks really good one minute can seem extremely tenuous the next.

So we're looking at that word cloud. We'll come back to that in just a bit. Let me introduce our esteemed panelists. From there right, there's Dr. Swapan Dasgupta, he's an independent columnist--Swapan Dasgupta, an independent columnist from India, one of the famous faces, really, who speaks on not just internal policy, particularly with this government, but India's external affairs policy and has extremely strong views of his own, as well, and I'm going to try to draw you out on that.

Professor Yoriko Kawaguchi is a professor at the Meiji Institute for Global Affairs, formerly the Japanese foreign minister, as well as the minister for the environment. Thanks so much for joining us.

And Professor Cui Liru is a senior advisor at CICIR, as we all know it, China Institute of Contemporary International Relations, which has really been the stopping point for anybody going into Beijing, trying to understand China, particularly in past decades. Thanks so much to all of you for joining us.

And Professor Kawaguchi, I'd really like to start with you and that question. You know, it occurred to me after hearing the discourse yesterday that there was a preoccupation at the moment with what was going on in Ukraine, how that was really going to affect Europe in particular, followed perhaps by the ISIS crisis, if you like. So I do want to ask you, strategic rivalries in Asia, are they really something that the world needs to worry about right now? Give us a look back at the year, at least.

Professor Yoriko Kawaguchi: Okay. Well, thank you for the question. The first good news, the good news is that three--there will be a summit of three, the top of three countries: Japan, China and Korea. So it's a good news just to answer your question.

Ms. Suhasini Haider: And that's good news off the press because it happened this morning, that announcement.

Professor Yoriko Kawaguchi: Yes, yeah, that's right. The second thing I want to say is that China, as we saw on the wall right now, has been rising, and it is an opportunity for all of us. It's good that China is rising. But--and that's my next point, I think with the rise, China brought into the region apprehension just because as we were talking about Russia yesterday, what China tries to change--is China is trying to change the status quo with force, without really transparency, explanation in a transparent manner, and that brought concern to the region.

So we talk about strategic rivalry or strategic competition, and this is the topic of the Brussels Forum, but without this use of force to change the status quo by China, this topic would not have become a topic here. So that is the problem that we have in the region.

Now we also have in the region frameworks, various frameworks for cooperation that has been going on for so many years. This trilateral summit is one of them. It's been going on for over--close to 10 years, and it hasn't been done for, or heard, for about three or four years in the past, but it's back again. Now we have EAS, the East Asia Summit, and also we have the ARF, which is the regional--the ASAN Regional Forum that, like OSCE in Europe.

So we have all sorts of mechanisms to talk about the situation, and we've been using that, and we've been managing all the difficulties. So if there is no problem with the way that China conducts, if China could behave differently from

what it's been doing, things are very peaceful in the region, and we will continue to grow, and our growth is very important for the whole region and for the whole world. Thank you.

Ms. Suhasini Haider: You're putting it very squarely as a China problem. And I am going to come to you, Professor Cui Liru, to get to the response to that, but I do want to quickly ask you, in that problem, as you sort of put it, on China, the China-Japan rivalry is the one that has concerned many for the last few years in particular, whether it's over the East China Sea, more recently over the South China Sea. So if I can ask that very television-esque question, how likely do you see that conflict sparking something more dangerous in the next decade?

Ms. Suhasini Haider: I don't quite understand when you say China-Japan rivalry. We--certainly China is number second in terms of GDP. We are number three. But we are good trading partners.

Ms. Suhasini Haider: That's right.

Professor Yoriko Kawaguchi: We are the largest investor in China, next to Singapore, and we--there are about, over 20,000 Japanese companies operating in China. So we are--we benefit from each other, and there is a challenge, there is a competition, and there is a benefit that we gain together. That's what we are.

Ms. Suhasini Haider: That's absolutely true, and the economic cooperation is a part of it, but the dispute between China and Japan. My question was really,

how likely do you think that the dispute over, whether it's the East Sea islands or anything else could spark something? You know, we've seen it over the air defense zone, as well. We've seen it...

Professor Yoriko Kawaguchi: If you are talking about the Senkaku Islands, then these islands have been, historically and from the prospective legal, international law, that has been ours. So there is no territorial dispute. That's our position.

Ms. Suhasini Haider: All right. We'll come back to that question in just a bit. Professor Cui, you've got a lot to answer too. There's a laundry list of things that China is accused of. And I should add to what Professor Kawaguchi said, as well, the concerns not just in India and other parts of the world about a strong leadership inside China also leading to more tensions with other neighbors, as well, for China.

India and the U.S. seem to have come closer, with a joint vision statement in the last few months when it comes to the South China Sea, ease of access. It seems as if this peaceful rise that we've always heard about is giving a lot of sleepless nights all around. Do you want to answer some of the points that Professor Kawaguchi brought up?

Professor Cui Liru: Oh, thank you. I think that's understandable, just as the Professor Kawaguchi just expressed her worry about China. And in some statements about the Japanese politicians and things are very premiers--they try to

describe China as a kind of emerging power and probably want to change the status quo. So this is the kind of concern of some countries, some people there.

As a Chinese scholar I think I understand that there are concerns there, but there are varied kinds of reasons that we have different views, different views because as I understand it, China is a huge country, and these two days we discuss about this huge complexity we are confronted with, the Europe, the United States, Asian countries.

But China herself is a huge complexity. It's old; it's new. It's a developing country, but in some areas and some cities, it's become developed. So it's, people have very much different views there, different impressions there. But now the biggest impression is China is a huge power, emerging dramatically.

And someone said just now, it's a crack upon this changing world, and everyone is concerned about the future role China is going to play. I think this is a very understandable concern. But the important thing I want to say is with this concern, people around the world should first try to understand the complexities there.

I don't think, just to direct answer your question, is I think there is a, kind of, sort of, strategic competition there, but this is not a competition as a way someone would want to describe as the competition, the Cold War, and China would be another superpower to change the status quo.

But having said that, I also want to say the status quo is going to be changed in some ways steadily, step by step, and that the world is changing. Now we have these labels there, and evolution or revolution, we probably in the process of a revolutionary evolution, so we need this kind of new concept and if we want to do more cooperation than competition. I just stop here, and I want to answer the concrete questions.

Ms. Suhasini Haider: And regardless of which side is looking really to change the status quo, that question again, how likely do you think in the next decade is the disputes, not just between China and Japan, the other countries as well, and we'll come to India in just a bit, how likely do you think that they are to spark something more dangerous, a conflagration?

Professor Cui Liru: I don't think they are extremely dangerous situation now, and status quo is being changed in some way. This morning we talked about the AIIB things.

Ms. Suhasini Haider: That's right.

Professor Cui Liru: I feel this is a kind of new creation, new institution, and the gentlemen just discussed about the relations across the Atlantic, and American colleagues complained about the Europeans and didn't inform what they are going to do, and this is something not as a close alliance should do. But I think we have a

very new situation, and to be pragmatic and to be realistic, I think now we are in a very much difficult time in a transition.

Ms. Suhasini Haider: You're saying it's a time of transition. Very quickly, which way do you think Japan is finally going to go on the AIIB, since I have you on the spot here?

Professor Yoriko Kawaguchi: Well, we have been talking about AIIB without knowing the substance. We don't know how large the fund is going to be. All I know is that China said that it will have--provide 50 percent of the fund, which means...

Ms. Suhasini Haider: Of the $100 billion.

Professor Yoriko Kawaguchi: Yes, which means that whatever decision-making that will be adopted there, China will always have 50 percent. And that limits, to me, it seems, that it limits the way that things can be changed in terms of governance, and that concerns me.

So we will have to see first what it is going to be about and how the governance is going to be set, and then I think we can decide, as far as I am concerned, and that's my thoughts.

Ms. Suhasini Haider: I think that it is quite split at the moment. Swapan Dasgupta, how much of what we are seeing in Asia in the last year is really about personalities? We're seeing in India, in China and in Japan, strong leaders who are

backed by very, very powerful mandates now, Prime Minister Shinzo Abe getting re-elected this year. Prime Minister Modi, a phenomenon, the mandate that he has got has not been given in India to any one government for 30 years. We've seen shaky coalitions for decades inside India, and now we have a strong leadership there. How much of also the flashpoints, if you like, between the countries are as a result of that?

Dr. Swapan Dasgupta: Only in a very limited sort of way. Let's remember one thing, that the so-called concerns over China precedes, predates any of these developments of the preceding year. These are concerns, which have been there and have been growing and sometimes have been delayed, over the past decade or so, ever since China's prosperity became apparent and acknowledged.

Secondly, I think what really marks the turning point in--is the India having entered the equation in some tentative way. India's position, often it reminded me of what Stephen Spender once used to say, "Those whom the Gods wish to destroy, they first call promising." So India has been sort of knocking at the doors and saying we have the potential, we have an entitlement to be on the high table, but somehow in real terms we never quite get there.

Now I think the hopes have risen once again on this, that there is a prime minister who is concerned principally with the economy, who is pro-business, who has, because of his own experiences, a far wider, a far more open-minded approach

to globalization than has been the case. And therefore, along with this thing, that the most important priority, his signal is, A, the ease of doing business in India, and number two, what he calls make in India, in other words enhance the productive capacity, the manufacturing and services sector in India.

So with that, once again, India has been seen to be part of an equation. And I think there is a personal chemistry which exists between Mr. Modi and Prime Minister Abe. And I think that's a very formidable personal chemistry.

Ms. Suhasini Haider: It's been called a bro-mance.

Dr. Swapan Dasgupta: Well, whatever it's been called. And I think that coincides with Mr. Abe's conviction, and he said that as early as 2006, that this India-China bilateral relationship is going to be the most meaningful event. So I see it, partially, Mr. Modi's entry has changed the equation, has brought economics into the fore of a country which otherwise was a bit too preoccupied with yoga. And I think…

Ms. Suhasini Haider: We're still preoccupied with yoga.

Dr. Swapan Dasgupta: A bit too preoccupied.

Ms. Suhasini Haider: We want to have an international yoga day (inaudible).

Dr. Swapan Dasgupta: (Inaudible) once its gone recognition, it's all right. We'll get over it, that. You know, there's a lot of certificate wielding.

Ms. Suhasini Haider: But I do want to cut in there and ask you, you know, this talk about promise. The problem, why the promise has not got delivered is it with India? Sometimes the figures just don't back it up. When you talk about India-Japan coming closer, India-Japan's bilateral trade is negligible. India-China's bilateral trade is more than $70 billion, headed towards $100 billion. When you compare India and China, in the economy, there's no comparison today. China spends four times India's military budget. Strategically, they're involved in every country in much larger figures. Everywhere you look at China's investment in Asia, it's four to five times what India is even possibly thinking of in those areas.

And yet we've seen a year of extreme muscularity coming out of India, whether it was Prime Minister Modi's two summits with President Obama, one of which ended with a joint vision statement, committing to actually work in the South China Sea. Whether it was the discussion with the Vietnamese Prime Minister, India offering a billion-dollar LOC for patrol boats, for Vietnam. Whether it's been Prime Minister…

Dr. Swapan Dasgupta: Don't forget the Chinese.

Ms. Suhasini Haider: …Prime Minister Modi's…

Dr. Swapan Dasgupta: Why are you being selective?

Ms. Suhasini Haider: No, I'm asking about India, which is why, whether it's Prime Minister Modi's speeches at the East-Asian Summit, my--or in Japan. My

question is very simply, is India guilty of punching above its weight when it comes to taking China on?

Dr. Swapan Dasgupta: It has traditionally. India has traditionally punched above its weight. Earlier in the Nehru years, immediately after independence, India made a virtue of the preachiness. You know, it spoke more than it deserved to. But it always offered gratuitous advice to everybody who was there and got itself very unpopular in the process, and offended. Zhou Enlai, as a matter of fact. So I think what we have done is we have developed a certain strategic vision, which is partly one of inheritance. But we do not have the capacity to actually back it up.

So when you talk about Indian Ocean, which I think is the new area of the great game, you often do not have the capacity to be able to do it. You have the potential, which is why, if at all, you have to add in, someone said Japan is a must. Australia, some people would say is a must. And if Daniel Twining is to be believed, even the United States is a must, because all of them added up together equals--is greater than China. That's the logic which has been preferred. Now, in other words, India, for the moment, is a bit player. But India is going to be one of the greatest beneficiaries of this larger outsourcing, as we have been in other areas.

Ms. Suhasini Haider: All right. I do want to come to audience questions. But I want to ask one question of you, Professor Kawaguchi. And because this is a Transatlantic audience much more, how much of the problems in Asia, when it

comes to the strategic rivalries, are because Asia is bound, in a sense, by its emotion? That traditional rivalries take on a life much greater, you know, if you look at the trouble between Korea and Japan, essentially goes over--goes down to one apology over World War II. India and China still--and certainly India--is still to get over a war that was fought 50 years ago. When it comes to China and Japan, essentially, you know, they're speaking about feelings that were hurt maybe a century ago. How much of Asia's problems and one of the reasons why a lot of these rivalries don't get translated into more cooperation inside Asia is because of that emotional side of the continent?

Professor Yoriko Kawaguchi: To me, the emotional aspect, as you describe it, I think is overblown. We should not ignore the basic cooperation structure that we have in the region, as I was talking about earlier. APEC is there. ASAN is very much over (inaudible) to the countries in the region. And Asia is confident of ourselves in terms of economic growth. And I think Asia is also--we are aware of the responsibility that we have, vis-à-vis, other parts of the world.

Now as to the emotional aspect that you talked about, I don't really understand why that still stays. We--Japan, it's been 70 years since the end of the war. We made apologies many times, 10 years ago, 20 years ago, and over many times. There were times that Chinese Prime Minister came to Japan, Wen Jiabao, talked in the Diet and he talked about he recognizes that Japan's peaceful progress.

And we should be, China and Japan should be benefitting from each other's existence. So all these have been there, the similar thing with Korea as well. Now, and after that, things go back to some years back, step back. And I don't really--from the Japanese perspective, we've done what we should have done. And we--I don't really understand. We don't understand why there is a slip back. But Asia has been making progress and we are thankful for it. And we are proud of our performance.

Ms. Suhasini Haider: All right. On that note, can I see with a show of hands how many questions there are and then we'll go around. Let's start with you, ma'am.

Ms. Xenia Wickett: Thank you, Xenia Wickett from Chatham House. Thank you all very much. We--Asia is very good at looking historically. But I wonder whether we all here are in danger of doing the same thing and lagging events. You know, you've been talking about the tensions. And we all talk about the tensions, the potential tensions that could break out. But what we're missing, we're missing Indonesia on the table. If we're looking 10 or 15 years from now, where is Indonesia, because that could be a big game changer? What about North Korea? You know, when I go to the region, a lot of people are beginning to say increasingly, the vision of Korea is no longer going to be quite the same way. What about South Korea?

You know, why are we not talking about some of the other game changers that make this region fundamentally different from the one where we're still talking bipolarity and we're still talking G2 and we're still talking the tensions. And I just--can we just look forward for a second, for all three panelists? And what are we missing, if we look 10 years out?

Ms. Suhasini Haider: Do you want to--should we just take a couple more questions? Go ahead, sir.

Mr. Marcus Freitas: My name is Marcus Freitas. I'm from Brazil. And we're partners at BRICS and the New Development Bank. I wonder what your perspective is of the Bank and how do you think this could alter the current institutions like the IMF and the World Bank, because it's Brazil, Russia, India and China working together? Thank you.

Ms. Suhasini Haider: Particularly as the BRIC statement actually said it was a counterpoint to the Bretton Woods engagement.

Mr. Marcus Freitas: Yeah, so that's what I wanted to know. Thank you.

Ms. Suhasini Haider: And there was one gentleman just there, right there.

Mr. Bun Hao (sp?): Thank you. My name is Bun Hao. I am from the Diplomatic Academy of Vietnam. And my first question is to the three panelists, you know, about the role of Asia as, you know, the rule-setting institution in the region. So how do you think, you know--the three panelists, now--how do you

think of the role of Asia in the next 5 or 10 years? And this year, Asia is going to be a community. So how that will change, you know, the interactions among the three?

And another question is about China's land reclamation in the South China Sea. So I think it is a very important issue, you know, as we are talking about China's assertive and the historical issues, you know, the tension. So the land reclamation, you know, four of the countries in the region has not been (inaudible) or has not been appropriately balanced by China towards, you know, the other claimants in the South China Sea. So what is your explanation for that? Thank you.

Ms. Suhasini Haider: All right. Should we take these three or do you want to just quickly add something? Go ahead. yeah.

Ms. Theresa Fallon: Hello. Theresa Fallon, European Institute of Asian Studies. This is a follow-on question to the South China Sea issue, because we understand there aren't just two Silk Road--the maritime and the economic belt that China has been discussing--there's also been the third one described by Stephen Blank as the Arctic route, which will directly affect Europe. So how do you see, Professor, the schizophrenic approach to international maritime law. For example, in the South China Sea, China sees the Nine-Dashed Line as a historic claim, which doesn't fulfill--or doesn't fit into the UNC Law (sp?) of the United Nations Convention on the Law of the Sea framework. But at the same time, China

wants to follow the international norms to use the northern route through the Arctic. So how will China deal with this type of contradiction? Thank you.

Ms. Suhasini Haider: All right. Professor Cui, do you want to take some of the questions you've got so far?

Professor Cui Liru: Okay. Very, very briefly. About the AIIB, I think, still the details should be discussed about. Then turn out, I'm not specialized in these areas. I think the general idea is, this is a short player, constructive in the active role and probably also is a complement to the Asian Development Bank and the World Bank, these kinds of things.

China is not deliberately want to change the status quo, established system. At the same time, to develop peaceful development. I don't think this is illogical.

And about the South China Sea. This is of course, it's a major concern among the Southeast Asia countries, some of them. And also, this is also disputes between us. But I would say the background is important. The big two things I hear and to emphasize, the first one is, now we are in a period, a transitional period. And the nationalism is rising everywhere. And this is the result of the great success and also could be resolved, and also has been the result of the great failure. And the different country has different situation. But we see this is developing everywhere. And this just put the great, great limitations of the flexibility of the government foreign policies that happened.

And the historical issue is most sensitive, most important. No government can easily to make compromise and recessions. So the China's policy is put these kind of territorial disputes aside if we cannot solve it very soon. So this is the policy and the attitude.

Ms. Suhasini Haider: And that still remains because many had thought with the new president that there was a sense that a lot of the disputes had to be settled or wants to settle them faster.

Professor Cui Liru: I want to mention that now, including that states, that China should clarify what does the nine dash (inaudible) mean sometimes. I think that China is going to do that. Probably not right now because there are complexities there. But as I understand, it--the people have different understanding in the interpretations of China policies now. And the very much heatilated [sic] debated in China about what this nine dash (inaudible) implicates.

Ms. Suhasini Haider: And so that might lead to some kinds. Would you like, Professor Kawaguchi, take the question about whether it's time to move on from the kingdoms, as it were, and look to the future of Asia.

Professor Yoriko Kawaguchi: Ten years from now, in terms of economy, I think we will have a more integrated market. We will have TPP agreed upon. And we will have ACEP agreed upon. And Asian countries will be having a community within this year. You see, that's their plan. And on the basis of that and also

increased exchanges among companies, we will have stronger interdependence. So economically, we will be doing very well.

Politically, now, we talked about territorial issues with respect to South China Sea. As I said, well the Senkaku Islands, China claimed it's their territory. Only in 1970, '71 or so, after the U.N. organization in Asia reported that there are energy sources. Before that, China did not say anything about Senkaku being their territory, and they have not said that's proved their point legally. So, politically, again, as I said at the beginning, if China follows--and maybe, for that matter, there may be some other country, I mean, there is certainly one more country in the region--follow the international laws we have now and change whatever is needed to be changed according to the rules that we have, then we will have a very good model for the regions. That's the picture. And it's up to China.

(overlapping talk)

Professor Cui Liru: I don't want to debate on the details of the (inaudible)--

Ms. Suhasini Haider: (Inaudible) and we're not going to solve the problem of Senkaku (inaudible).

Professor Cui Liru: (Inaudible) hope people just so you can read the Chinese government statement or otherwise I don't think of this as a good debate here.

Ms. Suhasini Haider: Alright.

Dr. Swapan Dasgupta: May I just take up the question from the lady from (inaudible)? And I think that was a very interesting point and I think it really boils down to a larger question, which is that, while most people in the world have celebrated China's prosperity, its development, the larger question which is there is that, Is China a force for the good or is it a malevolent power? I think that's the nagging question which is there, which haunts everybody. And it's very interesting that all the major initiators, which China is going to take in Asia at least, that's called the (inaudible) include, which is called One Belt-One Road. Now, if you call something one Belt-One Road, it immediately invokes fears of say, pre-war Japan's zone of prosperity and co-existence, you know, where it's going to be hindered by Japan. Now, that was what it was. And you have this similarly a new arrangement, a new geopolitical, commercial, everything else arrangement where China is going to be the proverbial middle kingdom. And the alternative vision is a prosperous China, but a multilateral Asia where Vietnam, Korea--

Ms. Suhasini Haider: Indonesia.

Dr. Swapan Dasgupta: --Indonesia, Sri Lanka, all of these are partners, but where this is a partnership more akin to that of the EU where there is no dominant--till China is able to overcome these misgivings which are there, and, mind you, the record is very mixed. It's not that China has consistently done that. I mean, there are times when China talks in a language which everyone else understands

and cooperates, but, at the same time, it has a vision of say, for example, India is the sweatshop of China. So, those are also the confusing signals which are sent, which is why the fear in the Indian Ocean and the South China Sea has given--that's become the occasion for various of these concerns to be articulated in this thing. So, it's the larger question which really is being--which is an open one.

Ms. Suhasini Haider: Are they--

Dr. Swapan Dasgupta: It's a work in progress throughout the world.

Ms. Suhasini Haider: Everyone seems to be engaging with China and still doesn't have an answer--

Dr. Swapan Dasgupta: Absolutely. If you must--

Ms. Suhasini Haider: --to the question--I have time for two more questions and the gentleman here has had his--

Mr. Steve Clemens: Thank you. Steve Clemens with the Atlantic Magazine in Washington. I'm interested in--several of you have mentioned rising nationalism as a problem and I'm wondering to what degree you perceive the U.S. part of that? I've often wondered if the strong American presence in the region sort of creates a moral hazard problem that allows China, Japan, South Korea, and other parties to sort of recklessly escalate their nationalism because they don't have to really pay the consequences, because they know conflict won't be likely because the United States will play the buffer role? And does your own nationalism that's reckless,

what Prime Minister Abe is doing right now in his discussions on Article 9, What China was Doing with its Air Defense--or its identification zones?

Speaker: (Inaudible).

Mr. Steve Clemens: But even beyond that, the kind of real populous fervor you see doesn't seem to me to be as likely if there wasn't a buffer. And so, to what degree is the United States a moral hazard problem in the region?

Ms. Suhasini Haider: That's a great question and from that end, since I haven't taken any questions (inaudible).

Unknown male: Thank you. (Inaudible) from Germany. From the mid-1970's on for about 25-30 years, Japan was the western country which had the closest relationship both economically and politically to China. You only need to think of Japan's after the Tiananmen incident. This was true economically. This was true politically. Now, Professor Cui, Professor Kawaguchi, could you pinpoint the moment in time and the actual reason why this shifted to a situation where today a moderator can ask you whether there is the danger of non-conflict? It's a tremendous change. It's not just a change in the status quo. Something else has happened. What actually was the cause in time and in facts? Thank you.

Ms. Suhasini Haider: Alright. Thank you. Professor Cui, do you want to take this question first--

Professor Cui Liru: Okay.

Ms. Suhasini Haider: --and the role of the U.S., particularly giving the smaller countries an idea of (inaudible)?

Professor Cui Liru: Okay, briefly. U.S. roles there I think buffer (inaudible), yes, in some way. But, at the same time, the U.S. has been the dominant role in this area, especially in the political and the security area. But now, as China is rising, and I think there are some kind of concerns about the rising power of China challenge U.S. roles here. So, there are kind of a rebalance the strategic measures for the United States is to focus in this area at the same time to prepare for the worst case in terms of confrontation with China and emphasize the law on the military roles in the future here, and including the strengths and your alliance in this area. So, this has to be regarded as something at least in some areas from some forces in China is the new containment about China. I think perception is a serious problem between us now, because of lack of trust. And our political and the security relation has not been developed in the same way of our economic cooperation. So, this relation of (inaudible) about the question for Mr. Ambassador is that I think two things. One thing is the historical reasons, because you (inaudible) and the new Japanese government wants to rewrite the history, so this is something. And include in the previous Prime Minister to visit the Yasakuni Shrine these kind of things.

Ms. Suhasini Haider: Although it hasn't happened in the last year.

Professor Cui Liru: Yeah, and the other thing is the Daiyou island. So, these two things, they combine together, the nationalism has played a very important role.

Ms. Suhasini Haider: So, that's the turning point, would you agree that--

Professor Cui Liru: No.

Ms. Suhasini Haider: --Where did things go wrong?

Professor Cui Liru: Well--

Professor Yoriko Kawaguchi: Well, I don't agree. Japan has been helping China. We did help. We gave ODA aid to China. And we are proud that we created the basis for China, which is the source of rapid growth for China, of course, along with the studious Chinese character, of course. What is on our mind, as far as Japan goes, is there is no circumspect here, but we have worked for the past 70 years for peace, for regional development. We did all we could do, and we are proud we did it. China does not recognize it, wants to go back to what was done before, 80 years ago or 90 years ago.

Ms. Suhasini Haider: Second World War.

Professor Yoriko Kawaguchi: And then, that is what I think is our concern. And there is no specific year that I can give you for that.

Ms. Suhasini Haider: Alright. The answer is its own--

Professor Yoriko Kawaguchi: From time to time, China, as I was talking about (inaudible) Prime Minister talked about it differently and then it goes back. So that's our problem.

Ms. Suhasini Haider: Alright. So, those remain--

Dr. Swapan Dasgupta: Let us say that nationalism isn't certainly the monopoly of Japan? China has used nationalism of self-esteem and it has used it very, very successfully. And I think in all of Asia, we have seen nationalism being used as a sort of invisible trigger to growth and development. It's a reality, so I don't think we should distract from the fact that how nationalism is treated in Asia is a little different from how it's about in Europe.

Professor Yoriko Kawaguchi: (Inaudible).

Dr. Swapan Dasgupta: Certainly, the question of the United States--and I think it's a very interesting point which is made--but I just want to draw your attention to one very curious feature which is happening nearly all over Asia. I've witnessed in China. I've witnessed it in India. And I'm not so sure about Japan. But--which is the perception that the United States is a declining power and this is something which has got steeped into the political bloodstream of all these countries. Now, whether this is a reality or this is just a perceptional problem is not for me to comment, but I think much of the wariness and lack of enthusiasm for getting too close to the United States has got to do with this perception.

Ms. Suhasini Haider: Alright. And it's also the subject of a whole different--

Dr. Swapan Dasgupta: Yeah, exactly.

Ms. Suhasini Haider: --session. Ladies and gentlemen--

Professor Yoriko Kawaguchi: Could I just say--

Unknown female: Could someone have a look?

Professor Yoriko Kawaguchi: Could I--

Ms. Suhasini Haider: Oh, certainly.

Professor Yoriko Kawaguchi: Could I just say one word about nationalism? Generally speaking, if the perception of Japan is strong nationalism, that is not true at all. There may be some group within the country, as is in other countries, but generally speaking, our problem is really reversed. Young people especially, they don't really care much about Japan. That's alright, though.

Ms. Suhasini Haider: I'm not sure everyone will agree with that summation. But can I get a round of applause for our first list of panelists? Mr. Swapan Dasgupta, Professor Kawaguchi, Professor Cui, thanks so much for joining us. And as you can see, regardless of how much we do want to look at the new issues, the old issues do remain. We have a couple of questions for you as the audience. It's not me who has to do all the work this afternoon. So, can we get the first question up? After having heard what you have so far, the question is, how will the strong leadership we're seeing in China, India, and Japan affect Asian cooperation in the

future? And the first choice is, one. Will it increase tensions in Asia? The fact that we have Mr. Modi, Mr. Abe, and President Xi, is the second that it will actually help to decrease tensions in Asia, because as you can possibly see in the last year, we've seen a lot of summiting between the leadership. Two, build better economic cooperation, but increase the strategic rivalry? This is something we've been seeing as well. Three, and build strong economic and strategic bonds in Asia, which is, of course, what we all dream of. Okay, we've still got 15 seconds to go. Is everyone--You have two seconds to punch in I think. Yep. Well, that's certainly interesting and I think that's a great take away from that first panel discussion that, regardless of how much we talk about strategic rivalries and historical tensions, the economic cooperation seems to be on a fairly steady trajectory. And, in fact, when you talk about the Asian leaders, certainly I think most people would agree that they have been able to put aside the strategic rivalry and put the politics aside, go ahead on the economic sense. We have another question for you, which is, what is the single biggest reason for the rising tensions in Asia? And we should've really put history in there. But, you have five options as you can see: One, the strong nationalistic leaders we just spoke about; two, China's assertion; three, India-China border tensions; four, the U.S.-China rivalry spillover, which the gentleman here has spoken about; five, and, of course, economic rivalry. And you have about 10 seconds to put in your--Okay. Wow. And is Professor Cui still here, because I

think that's the single biggest concern really for the audience here and I think many others, China's assertion in the South and East China Sea. Right. So we're onto our second part of the panel discussion. As I said, what we really want to talk about is very much not only how this affects other parts of the world, but also what kind of role is the rest of the world having in the strategic rivalries inside Asia? You know, we've already spoken about the U.S. There is now the new China-Russia friendship that equally worrisome. And I'd like to introduce our panelists starting from the right. Mr. Carl Bildt is now the chairman of the Global Commission on Internet Governance. He's the co-chair of the European Council on Foreign Relations. But, of course, the Swedish foreign minister. Thanks so much for joining us. Michèle Flournoy, co-founder and CEO of the Center for a New American Security. And Dr. Choi Kang, the vice-president of the ASAN Institute for Policy Studies. I don't know if you know, but in Hindi, "asan" actually means "easy."

Dr. Choi Kang: We don't go easy.

Ms. Suhasini Haider: Right. Actually, we can kick off right here because we've heard so much of the substance of what we were discussing today when it comes to the rivalries. Professor Choi Kang, if I could start with you. You wrote or said in 2012, which I was reading, that a challenged United States and a

powerhouse China are really a recipe for a conflict. Do you think that conflict is really at the heart of what we are seeing now?

Dr. Choi Kang: I think there's an underlying cause of the competition is a lack of strategic trust in each other. Each country has a different vision for the future. So I think there's, of course (inaudible) mentioned that we have to change the rules and structure to adapt the environment. But actually, there should be due cause in changing the rules of game, but I think the U.S., maybe other Western powers, wants to cherish the possible order and structure as far as it can. On the other hand, China wants to change it (inaudible) is China's dream very much (inaudible) society and international community very much.

But the Chinese actually in recent days have become very much sophisticated, not so much blunt anymore. So nowadays, we are talking about AAIB and Asian security forum, FTAP, all this is much more sophisticated way. But I think there is underlying and strategic distrust between the U.S. and China. That actually gives lots of trouble for a small country like Korea just located in-between U.S. and China. We have a good trade relation with China and also good security alliance with the United States.

How we can manage these two relations back to back is very challenging.

Ms. Suhasini Haider: You know, it's interesting you should say so because we just heard from another country, one in the Indian Ocean region, the prime

minister of Sri Lanka gave an interview saying Sri Lanka has got caught in the rivalry between the U.S. and China. Give us a sense of what really that has meant, particularly in the last year of--

Dr. Choi Kang: Last year, actually, the controversy is whether South Korea can join AAIB. That's one. Second, whether South Korea should deploy the THAAD system. So actually, we had a couple of meetings on that issue. I think that's exactly--China's pressuring South Korea not to allow USFK to deploy the THAAD on Korean soil. That actually sees as kind of threat to China, but actually, from my own perspective, we need to have the system to protect ourselves from those kind of military threat.

So China sees that action or that decision from perspective of U.S.- China rivalry.

Ms. Suhasini Haider: Right. Michele Flournoy, you're hearing, really, that voice off the other countries in Asia. A lot of whom are feeling tied between the rivalry between U.S. and China. Many would call it a bastion violation. The fact that the U.S. takes such an interest inside areas that really are part of what China would consider its sphere of influence. Many in China, and I've seen some papers out of other countries as well, talking about the CCC, you know, the Chinese Containment Coalition that the U.S. is accused of building.

And thirdly, when you talk about the U.S.'s latest (inaudible) with India and, you know, we discussed that joint vision statement between India and the U.S., as well. The accusation is really that the U.S. is fishing in what are already very troubled waters.

Ms. Michele Flournoy: I think that if we frame this in terms of U.S.- China rivalry, it takes us down the wrong road. If you look at the extent of our economic cooperation, our economic mutual dependency, the positive interests we have in seeing each other's economic success, I don't think that frameworks of sort of strategic rivalry, containment and so forth are really apt. The truth is, this is a relationship between two great powers that will have elements of cooperation, which we want to grow, and also elements of competition that we have to manage. And that's the right thing to see.

To the extent there's a fundamental difference, it is over this question of not only what is the international order, the rules-based order we want to see in Asia over time, is it an adaptation of what's been in place since World War II, and I think the U.S. is quite willing to work with the countries of the region, including China, to adapt the order peacefully and by negotiation.

Or is it an order that has changed unilaterally, by force, by the biggest power in the region without anybody having a say in it? And I think it's that Chinese increasingly willing tendency towards changing the status quo in a unilateral, de

facto, not negotiated way. That's what is causing not only the U.S. reaction but tremendous anxiety across the region.

Ms. Suhasini Haider: All right. You're saying, basically the U.S. is just concerned about the rule-based order being kept inside Asia. Mr. Bildt, how does Europe really deal with this? Because on the one hand, you know, you yourself has been involved in issues of this rule-based order. But on the other, when we look at the E.U. - China relationship, it seems to have gone not just from strength to strength, I think China is now the E.U.'s second biggest trading partner. China has a railway line now all the way to Spain and goods coming directly. How much do tensions there really affect the European relationship and how is Europe trying to work that balance?

Mr. Carl Bildt: Has it affected that much? I think you're correct to say that the relationship with the E.U. or Europe and China and the Asian countries have been primarily--and east Asia, primarily economic and commercial.

Now that's a thriving relationship, that is very important for the European economies and that's been the focus. And free trade agreements and whatever.

Then I think it has dawned upon Europe that there is a need to develop a somewhat more strategic approach, if for no other reason, to prevent that we get a clash over the Atlantic. I remember ten years ago when it happened inside the E.U. that one major country took up the idea of lifting the arms embargo to China. And

Washington went literally ballistic and said, “Do you know what you are doing?” To which the answer was essentially no. But I think that was a healthy exercise because it led to an increased strategic awareness in Europe of what is happening and the need to develop the dialog also on those sorts of issues with the key actors in Asia, as well as the transatlantic dialog, so that we don’t do different things.

I mean, we evidently have a small bus stop at the moment over this particular bank, whether this is a big thing or a small thing, you can discuss, but these things should be sorted out somewhat, I would argue.

Then, of course, the problem of Europe is, of course, at the moment but that’s been vividly illustrated here, that we have slight bandwidth problem in the sense that all of our neighborhood is going up in flames, more or less. That tends to consume a lot of the political energy. But we need also to engage more strategically with rising Asia.

Ms. Suhasini Haider: All right. You spoke about the neighborhood, so I do have to ask how you see the closer ties between China and Russia, although on the Ukraine, we haven’t heard anything coming out of China as the E.U., I think, had hoped for.

Mr. Carl Bildt: I wouldn’t say that that’s a major issue. I think the Chinese have difficulty making up their mind about Ukraine. Because there are two--I mean, first, the Chinese have been lecturing us all the time about core issues.

Territorial integrity of China is the core issue. Don't even hint at violating that particular principle. Then we said, "Well, didn't you mention something about core issues, territorial integrity? Have you seen this Russia-Ukraine thing?" And then here comes the other Chinese instinct which is it might be nice if great powers can do things in the neighborhood without the rest of the world criticizing them too much.

And accordingly, China has been trying to maneuver between these positions in a way that I have to say has not been overly-impressive.

Ms. Suhasini Haider: All right. But it has, in-fact, made those statements. I did want to come to you, I'm forgetting the question, but I did want to come to you with, Michele, was this idea, as Professor Choi Kang said, that in a sense, smaller countries in Asia are feeling that pull between the two of them. As Mr. Bildt said, the bus stop over the AAIB, is that really necessary?

Ms. Michele Flournoy: You know, is it really necessary? I think everybody wishes it wouldn't happen, but I think, you know, the truth is that there are certain realities that aren't going to change. The truth is, China has become the primary trading partner for most of the countries of the region, so they will feel that economic pull, even as the U.S. continues to maybe be their major investment partner.

But in security terms, almost all of them will look first to the United States as their ultimate security guarantor and partner, should they face any kind of coercion or aggression. So I think those dual realities are going to put countries in a position of managing both relationships, both of which have strategic elements together. I think the key is the U.S. and China have to work together to try to grow the cooperative aspects, manage the competitive aspects while investing in the capacity of the partners to do more to protect their own interests. I think that's very, very important.

Ms. Suhasini Haider: Right. Well, you don't want to be beaten up as both the buffer zone as well as not being allowed to have that influence. Professor Choi Kang, the real challenges of the future are in different fields. When it comes to strategic rivalry, it will not be as much about land and sea as it, perhaps, will be about cyber security, about nuclear issues, even climate change, energy exploration.

How do you see that playing out when it comes to Asia, in particular? Do you see more flash points, in-fact, or do you see kind of move towards a regime together?

Dr. Choi Kang: I think all those issues will affect a strategic set up in East Asia very much, or Asia-Pacific region very much. Cyber security, also. You know, that's what happened last year and also this nuclear issue. North Korea, she

is going to make a very big splash. I don't know exactly the estimate on North Korea's nuclear capabilities. Somebody (inaudible) by 2025, North Korea will be able to have over 100 nuclear weapons. So I think that's going to be global issue already, undermining the integrity of (word?) regime. So it's going to damage this (word?) very much. Cyber and climate change of North Korea, of China, Japan, Korea, in the region. So how we can control, make a contribution, this issue.

And also energy is going to be a very controversy, how we are going to secure the energy source and then what kinds of renewable energy we are going to pursue. So it's going to affect great. And that actually leads me to say the U.S. involvement in the region, in those areas, are very critical, not just solely on the military, but also in those areas. But the problem we have with the United States, lack of consistency, its policies towards Asia, Pacific. Of course, U.S. always has measures, we have never left Asia-Pacific. But sometimes, it's forgotten.

Of course, last year when I was here, you guys talked about Ukraine, Ukraine, Ukraine. So, oh, yeah, so we thought, something's going to happen but nothing happened. So actually, at that time, we actually said, maybe Asia will be forgotten because of what's going on in Ukraine and Crimea, all their thing. That feeling was quite widespread. So I think the U.S. should show its determination to be remain as a residential power in the Asia-Pacific region to be a more credible partner. So that's the sense I got.

Ms. Suhasini Haider: That's an interesting point. And, you know, I can speak for the kind of feeling in India, which is that every time we're told that, you know, the U.S. is getting closer and closer to India and that is a counterpoint to its relationship with China. There's also something like the climate change deal between the U.S. and China that takes India by surprise because India has now been left out of that game.

And I remember some years ago when they talked about the economic rivalry between these sort of shifting super powers as it were. There was talk of the G2, so if you'd like to just respond to that and we'll open it up for questions.

Mrs. Michele Flournoy: Sure. Let me just be clear. I am no longer in any administration, so I'm not going to defend any policy or speak for any government. But, you know, I think there has been inconsistency in U.S. policy between and within administrations in some cases. That said, there is no issue on which there is a deeper and more enduring bipartisan consensus from administration to administration than the centrality, the importance of Asia to the United States in terms of prosperity and security. No region is going to affect is more over the course of the future. And so the U.S. will continue--we will get distracted by the crises of the day, we will continue to turn back to Asia over and over again.

I would like to make a comment on this issue of U.S. decline. If you want me to wait or do that now?

Ms. Suhasini Haider: Go ahead, go ahead.

Mrs. Michele Flournoy: I think that it's very--it's a narrative that some have an interest in promulgating. It's a very pernicious and I think erroneous narrative. It's true that we have our moments of extreme political dysfunction from time to time in Washington, but if you look at the fundamentals; our economy, not only it's regained strength but the dynamism, the innovation. If you look our energy position, you look at our demographics, you look at our soft power, our role in international institutions. I think that anyone who says the U.S. is in decline is not paying close attention. And so, again, do not count us out. That's been done before and it's a big mistake.

Ms. Suhasini Haider: And I think Mr. Friedman said in the last session, you don't even need to use the word "recovery" anymore. Let's hold the applause for the end of the session and for all our participants. Okay, I know that I have to come to the lady. I wasn't able to give you a chance earlier.

Nora Fisher Onar: Thank you. Nora Fisher Onar from the Transatlantic Academy of the German Marshall Fund. My question actually picks up on this last point. If not decline, I think it is fair to talk about U.S. and transatlantic retrenchment. We've heard how the neighborhood is burning, and we see this particularly in the Middle East at a time when the Obama administration

pronounced this intention to pivot to Asia. Part of that was also about extracting from some of his commitments in the Middle East.

You do see increasingly troubled relations with some Middle Eastern partners, and so as an example, I can point to the recent visit of Turkey's prime minister, Davutoglu to the U.N. in New York, and yet he was not invited to come down to Washington. But Turks are going in droves to Beijing and to Tokyo. So my question is as Asia is rising, these great energy-thirsty powers in the East of the continent, is their willingness to become a strategic player in the west of Asia, the Middle East?

Ms. Suhasini Haider: Thank you. In fact, I'm glad she brought up the pivot to Asia because that's one of the other things, unfulfilled prophecies, if you like. Go ahead, Sir.

Erik Brattberg: Erik Brattberg, GMF Asmus Fellow. Question to the panel: What implications, if any, does the Ukraine crisis and how we manage the Ukraine crisis have on the global order and particularly in Asia? Does it increase the risk that one country in Asia would attack another? Does it erode national sovereignty and territorial integrity? And does it perhaps increase the temptation that one country wants to test U.S. resolve in Asia? Thank you.

Ms. Suhasini Haider: All right. Those are two good questions. I'm going to come straight to the panel with it. Do you want to start?

Dr. Choi Kang: Okay. About the Middle East, I think that Asia is paying much attention to administration very much nowadays, and so we are interlocked together with the peace and stability, not only in the oil supply but also the terrorism is a very critical one.

And second, about the implication of Ukraine crisis for Asia. I think that really has a great implication how a great power or someone can unilaterally change the status quo. So that actually alarmed some countries in the region very much, so we are very carefully watching what is the final state of Ukraine crisis.

Ms. Suhasini Haider: All right. You made that point.

Ms. Michele Flournoy: I would agree with the latter point. I think the world watches crises no matter what region they're in, and if this aggression and this unilateral changing of international borders ultimately stands, Russia doesn't pay a huge price over the long term, I think others in the region, not only in Asia but elsewhere will take notes on that, and that will potentially embolden the wrong kind of behavior. So I do think the world is watching, including in Asia, and that's important to keep in mind.

Ms. Suhasini Haider: Mr. Bildt, do you want to respond to the lady?

Mr. Carl Bildt: Yeah, one comment on this decline in America, I agree with that. America is not in decline, but what is happening is others are rising.

Ms. Michele Flournoy: Are rising, yes.

Mr. Carl Bildt: That is, it's a different world of complexity, so the relative power of the U.S. is declining. U.S. is not declining, but the relative power is declining because others are there as well. So that's an important distinction.

On Ukraine and Crimea, yeah, I can agree a bit. Smash-and-grab policies are a threat to international order. What Putin did was really what Saddam Hussein did to Kuwait. It's the same thing. This is historically nothing, this Kuwait is a mistake. Is was used to--it was (inaudible) grab it. And he did. The international community didn't particularly like it. There was a Security Council-authorized military operation to take him away from it. Difficult to see the Security Council do the same thing here for reasons that are fairly obvious. But the issue of principle involved are exactly the same as they were with Saddam Hussein.

Ms. Suhasini Haider: Eventually, the Security Council is the final word, and I'll have to invite Mr. (inaudible) back onto this panel if you're going to keep that line.

Mr. Carl Bildt: It will take a long time for him, (inaudible).

Ms. Suhasini Haider: On that side--I've been unfair to that side, so the gentleman there.

Steven Everts: Yes. Thank you very much. My name is Steven Everts. I work here in Brussels. We talked about pivoting together earlier on, and I wanted to ask particularly Michèle Flournoy and Carl Bildt on that. I mean, it seems that transatlantic discussions on Asia are there, but they're not as intensive as they ought to be, although this panel is a helpful step in that direction. But it seems also to lack a bit of project because there is a lot of stuff going in the region and so on and so forth. But if you compare it to even E.U.-U.S. cooperation on Africa, that seems to be more intensive and more focused than on Asia. But what will be the project? Is it around the norms building and regional security, supporting ASAN, or is it something else? What will be your project for pivoting together?

Ms. Suhasini Haider: It's not the wheel that squeaks right now, so it's not getting that attention. The gentleman over there.

Alan Freudenstein: Thanks very much. I'm Alan Freudenstein from the Wilfred Machten Center for European Studies. And call it a diffamation profecionale, but we think about values a lot. So I was wondering is there a values

component in this alignment that we've been discussing in Asia, the U.S. siding with countries that are nervous about Chinese territorial claims and naval buildup? Because we have the claim that there is a set of Asian values which is allegedly incompatible with Western values coming from China recently whereas my take is that other countries, like for example, Korea, would maintain that look, with all respect to cultural differences, there is a core of universal values represented by the U.N. Declaration on Human Rights, and we should all stick to that. Does that question play a role in this buildup in Asia?

Ms. Suhasini Haider: That's an interesting philosophical question. There is a lady over here as well. Right here.

Female: Thank you. My name is (inaudible). I am from the European Parliament, and my question relates to the previous question on values because it was argued earlier that China has a tendency to change the world order and the system of values that is in existence now. And that makes us ask what kind of system do we want to see in the future? So would you agree that China is building an alternative to the existing system that we have been built upon all these centuries in the past? And so in a way, we've been asking from European Parliament also and in EU institutions to what extent are we changing China. Is it fair to ask to what extent is China changing us?

Ms. Suhasini Haider: Well, that's interesting. Do you want to start?

Dr. Choi Kang: About this U.S.-EU engaging in Asia, I think that instead of talking of some geographical issues, I think you can talk about some setting of rules of it, for example, cyberspace or some practical--the functional areas. That's the most generic way to build the new norms which will govern the future international institution like that.

About the values, I think values matters, like Korea, Japan shared the value, democracy, human rights, and market economy, all these things. But I don't know about the other. The Asian countries have different perspectives on that. It depends on changes of the political system and changes of political structure. That's it.

Ms. Suhasini Haider: But are there Asian values that are really the focus for (inaudible) race?

Dr. Choi Kang: I don't think so. It depends on how society changes over the period of time.

Ms. Suhasini Haider: All right. Michèle, do you want?

Michèle Flournoy: I like the idea of pivoting together, and I know it's something that has come into focus periodically but not consistently. I think in terms of a common project, the most important thing we could do is to secure a

transpacific partnership trade agreement and a TTEP and have some linkage so that you really bolster the trade not only across the Pacific and across the Atlantic but between the transatlantic community and the Asian community. I think that would be the most consequential common project we could work on.

I think the values question is really important, and there is certainly a values component for U.S. policy here. The belief that changes to the rule space to order should happen in a peaceful, negotiated way, not by force, not unilaterally, and so forth.

And I think it's--I don't see this as a fundamental difference of values as much as there is a historical sense of grievance here on the part of China where they have felt unrecognized as the great power they have historically been, ill treated by the rules-based order that has existed in the region since the end of the war and so forth. And so they're coming to this with a sense of we've been deprived in some way, and we are now ready to assert ourselves to get our due. And yet the way in which they're doing this is actually, I think, ultimately counterproductive for them. The smartest thing China could do is to pursue a path of integration that enables them to have a voice in adapting the order for the future. Coming at it in a unilateral way is going to create antibodies that they will actually undermine their own success in the process, I believe.

Ms. Suhasini Haider: All right. Mr. Bildt, do you want to answer that question as well? Is it just formula-based, the kind of focus there is on Asia. Michèle, of course, talked about the TPP and TTP.

Mr. Carl Bildt: Well, I agree with that when it comes to common (inaudible), and I will say what you're doing and what we can do together, one thing where I think EU can play a role that is very important is supporting us here. There is a natural affinity in the sense that it's a couple of nations that have been at war with each other coming together and pursuing integration--economic integration also--in the interests of stability. And I've felt that during the years of these different summit meetings, that the meetings that we've had with ASAN, have had a slightly different quality and also the fact that they have appreciated, so to say that, to be able to speak with not only the Chinese and the Americans and the others but speak with Europeans. There has been a demand for the European voice in that part of Asia.

Ms. Suhasini Haider: East Asia somewhat as well.

Mr. Carl Bildt: East Asia somewhat as well. Just on the values thing in China and the model, I mean, China is a different political system, to put it mildly. It's run by the Communist Party of China, period, period. But in contrast to others, I don't see them preaching that particular model to us. They are happy if we don't

interfere with their model, which we do to a certain extent because we have certain human rights points of view which we consider to be universal.

But I don't see China as an ideological threat in the sense that they are pursuing a different political model to us then whether their political is sustainable over time is, I think, one of the biggest, biggest issues that we face in that part of the world.

Ms. Suhasini Haider: And I think that's a fair and honest point. I have time for two more questions, so Mr. Grant over there. And there was somebody else here.

Charles Grant: Charles Grant, Center for European Reform. I think we're all being far too polite about the European Union and its role in East Asia. The trouble is we're divided. Some European countries and some people--institutions want to help the Americans as a kind of junior partner. They at least think that the EU should be a strategic actor in Asia and get involved in some European security matters, but many other Europeans and many people in the European institutions want to be different from America and want to promote Europe's commercial interests and see our relationship with Asia mainly in commercial terms. This is a problem, so my question is really aimed at Michèle and Carl. How do they see the problem? What's the way forward?

Ms. Suhasini Haider: All right. And the lady here gets the last question.

Xenia Wickett: Sorry. Xenia Wickett here again from Chatham House. We talked about American decline and American relative decline, but we haven't really talked so much about Chinese and Indian rise. And so my question is China's GDP growth is now at 7 percent but has been going down for the last few years, and we tend to think of China as rising in part because of this incredible growth we've seen in the last decades which appears to be slowing and because of its population of 1.3 billion.

India is going to surpass, as somebody said earlier, surpassing China's growth in the coming years…

Ms. Suhasini Haider: We'll vote to revise after it goes up once.

Xenia Wickett: …and India's GDP--excuse me--population is going to surpass China's by 2035 was the last number. So are we looking at actually seeing India's maybe rise slow down a little bit--excuse me--China's rise slow down, India's rise maybe a bit faster.

Ms. Suhasini Haider: (inaudible) try to catch up.

Xenia Wickett: So it's not just about America, but it's about the others. And I'd be interested in hearing on the panel whether they still see it the same way we have done for the last 5, 10 years.

Ms. Suhasini Haider: All right. Do you want to start?

Michèle Flournoy: The future of China's rise is a big question. I think that many economists take a look at the raw numbers and scratch their heads about where this is going because there are some real challenges that may not only slow growth but create some structural challenges for them. Add to that the anticorruption campaign of President Xi. It's very needed, but it's also a very dicey, high-risk endeavor. And so you could see a period where China becomes much more challenged and absorbed internally in terms of managing slower growth and greater internal political challenges. I don't think that--I think it'll still be rising. It just won't be rising necessarily at the eye-watering rate that we've seen in recent years.

Ms. Suhasini Haider: All right. (inaudible)

Dr. Choi Kang: I agree because actually, for example, the (inaudible) has the same kinds of trends. When we started our economic development, we used to have double-digit growth or eight percent, nine percent, but from the mid-'90s we used to have kind of three percent or four percent. I think China will have the same

kinds of trends in the future because China has gone through this, all of the problems that the anticorruption campaign or the legal structures and other measures. The banking system, all this. And they require the changes of the internal system. So, and after we go into a lower level of economic growth. But India's case? Different. It's just starting economic growth. I see India will record a very high growth rate.

Ms. Suhasini Haider: And, (inaudible), do you want to answer the --?

Mr. Carl Bildt: I think it is far easier to try to make a prediction of which India is going to be 25 years from now than to make that with China. Because the uncertainties, I mean, India is still going to be a democracy; it's going to have vibrant demographic development, whether it will be that growth rate or growth rate, we don't know; but is the political system of China, can that endure? Will China get rich before it get old? And the demography will start turning 15 years or something like that?

U.S. Representative: Old before rich.

Mr. Carl Bildt: Sorry, old before it gets rich? These are the big issues that make the 25-year prediction for China much more uncertain than for India.

Ms. Suhasini Haider: All right, and Mr. Grant's question on the E.U.'s role in --?

Mr. Carl Bildt: Yeah. Charles is never happy with the E.U., we shouldn't be that either, we should be complaining in order to improve it. I agree with that.

Ms. Suhasini Haider: Is that the only place that makes this toss-up between economic friends and --?

Mr. Carl Bildt: No, but I --. Someone, Charles said that some want to be security actors in East Asia. Yeah, you can wish that. But do we have the means to do it? The security, the external security actor in East Asia is, and will remain, the United States. There is no way that any European power will be able to have the same resources. Then we should be varying the security dialogue somewhat more. Other issues, perhaps Korea, where we could be, I don't know if we could be helpful. I mean, the greatest security threat that I see, as a matter of fact, is not that Japan and China will start a war with each other for a couple of islands, that might be a crisis. But the greater security threat is a collapse of North Korea. I mean, here we talk about a regime that is clearly unsustainable. It will not survive. The question is, Can it be reformed? Or will it collapse? And what happens if it suddenly collapses? Can that crisis be handled? And therefore require a lot of diplomacy.

Ms. Suhasini Haider: Actually, any kind of a nuclear flashpoint, I guess, would be worrisome. I'm going to try and end with the way I started by that question that I haven't yet got an answer to, is How likely, looking from this

perspective, do you see any of the flashpoints we've seen, you know? We've talked about the South China Sea; we've spoken about some of the tensions that Professor Kang talked about as well; we've spoken about the India-China relationship. And there are potential flashpoints in all of this when it comes to Asia. How likely do you see those flashpoints growing into something larger in the next decade? And I'll go through all of you. Do you want to start?

Mr. Carl Bildt: Well the thing that would worry me the most because it would be the most serious would be a sudden collapse of the North Korean regime.

Ms. Suhasini Haider: As you said before.

Mr. Carl Bildt: Because that will, say that that collapses, we have millions of refugees, the Chinese will be uncertain, they don't want (inaudible) in Pyongyang, how do you take care of that? Who's going to rush for the nuclear capability of North Korea? I mean, huge numbers of issues. And there we have, sort of, fundamental strategic interests by all of the powers. If they don't sit down and cooperate minute by minute on handling that particular crisis, it could result in a war, including the U.S., by the way.

Ms. Suhasini Haider: And that's why. Michele, also looking at the fact that, of course the nuclear issue is the most frightening, perhaps, but, you know, someone did mention that when it came to China and Japan it could be just one

merchant ship deciding not to make the call that it should, setting off something much larger. How much is the U.S. Worried about that?

Ms. Michèle Flournoy: We definitely worry about the North Korea scenario. But I also think that everyone should worry about the potential for miscalculation. When you have forces from China, Japan, sometimes China and others as we saw in the Vietnam case with the oil rig, you have forces operating day after day in close proximity, they're viewing each other with hostility, all it takes is one human being making a bad judgment or a mistake to have a situation where suddenly there are lives at stake, or lives lost, and the potential for escalation is in the extreme. One of the things that I worry about is when you look at the energy infrastructure and some of the work that's going on in some of these disputed areas, it would not be unlikely to find American workers involved in some of these areas. And once, you know, say, an American gets killed or injured in the process, then it suddenly lands on the desk of the president of the United States, even if there were no U.S. Forces anywhere in the vicinity. So I do think we should not underestimate this as a flashpoint. And, given that there aren't adequate communication mechanisms to manage in crisis, there's not strategic trust necessarily, it's something we should really work on, trying to reduce some of the tensions and ensure that was have some crisis management mechanisms in place.

Ms. Suhasini Haider: All right. And Professor Kang?

Dr. Choi Kang: I have to disagree to a certain degree on that. Because actually nobody wants a full-scale armed conflict on that kind of instance. So actually that could be managed.

Ms. Suhasini Haider: You think the checks and balances are already coming in?

Dr. Choi Kang: It's (inaudible). For example, when we looked at (inaudible) between China and Japan, they actually restrained themselves. There was no involvement of military forces, that they used Coast Guard instead. So actually there is a way to avoid that kinds of clash, the escalation control mechanism. But unlike that, North Korean case is quite different one. Of course Carl mentioned about this collapse of North Korea; but my hunch is, North Korea will be with us for the time being. Very much. Very resilient regime. The problem, if the current North Korean regime succeeds in economic development and nuclear capability within the content of ballistic missile capability, I think that is going to be a game change of almost everybody in the region.

Ms. Suhasini Haider: All right. All very good points. Thanks so much. If I can get a round of applause for our wonderful panel. And just, just before I wind up, the experiment that we wanted to do was at the end of this entire discussion, to put up the same question we had right up at the top. The word cloud question on What do you think of when you think, "Asian Power"? So if we can get that

question back up and all of you can give us your ideas, particularly after the discussion we've just had. What is the word that comes to mind to describe Asian Powers? And that's ticking away. There are so many new thoughts I've had in the last half hour. Well this has certainly been a worrying discussion, clearly. I don't see the word--wow. "Rivalry" seems to be taking over, and "power" as well. I see "China" is no longer there in that mix. But there you have it. I hope you take away whatever insights you can. But thanks so much for joining us, ladies and gentlemen, for what's been a fun and extremely interesting conversation seen from every part of the world, if you like.

Session Host: Thank you, and thank our Moderator, please. Bear with me for a second, please. Well, thank you for that very exciting panel. And of course this was a first that we had at this 10th Brussels Forum, a double panel; and I think from everything that we've seen, it was a great success. But allow me to take a second to thank one of the panelists here, Carl Bildt, who has been a staunch supporter and one of the few people in this room who has done every 10 Brussels Forums.

Mr. Carl Bildt: Survivor. Survivor.

Session Host: Survivors. I'm one of them. So I can testify to that. There are a number of GMF people, but a number of our guests who have been with us from the very beginning. But also a partnership that we've had with Sweden and Carl

Bildt. So please, a round of applause for Carl. We are now going for the coffee break, but just let me remind you that we'll have another first after the coffee break, a Brussels Forum talk with Professor Simon Anholt. So we look forward to seeing you after the deserved coffee break.