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AN AMERICAN STRATEGY FOR SOUTHEAST ASIA

KEYNOTE:

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FOR ASIAN AND PACIFIC SECURITY AFFAIRS**

PANEL DISCUSSION

PANELISTS:

**CARA ABERCROMBIE, CARNEGIE ENDOWMENT FOR INTER-
NATIONAL PEACE;
WALTER LOHMAN, HERITAGE FOUNDATION;
MICHAEL MAZZA, AEI**

MODERATOR:

DAN BLUMENTHAL, AEI

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DAN BLUMENTHAL: Good afternoon, everybody. My name is Dan Blumenthal, and I'm director of Asia studies here at AEI. And thank you all for coming here. I can see that the topic of US and Southeast Asia is of great interest, and I congratulate my colleague Mike Mazza for a wonderful report that hopefully all of you will have time to read about what our strategy should be going forward in that most critical of regions.

But it is right now my distinct pleasure to introduce my friend and colleague Randy Schriver, who is the assistant secretary of defense for Asian Pacific affairs at the Department of Defense, where he is spearheading efforts in the Department of Defense and throughout the government to really compete more vigorously with China and Southeast Asia, to build out new relationships with respect to Vietnam and Indonesia and the Philippines.

He's already done some excellent work with his team here as well and will do a lot more in the future, and we are just thrilled to have him to open up this session with his remarks.

So without further ado, let me call up Randall Schriver. Randy? Here you are. Thank you.

RANDALL SCHRIVER: Dan, thank you. It's great to be back at AEI and really nice to be introduced by my friend Dan Blumenthal, one of the — I think — leading strategic thinkers of this generation. He does great work here on Asia at AEI.

And let me add my congratulations — I didn't see where he went to — ah, there he goes — Mike — had a chance to look at the report, which is now public, and want to congratulate you on that work. There are many aspects that I would commend. Certainly just the project itself, acknowledging the importance of this region, 635 million people — that counts, that matters. But your report identifies a lot of the historical engagement over time and the importance over time. But you also identify what I think is the core challenge, which is the threat to the American-led international order and the potential erosion of individual state sovereignty, given the challenges in the region.

And I think your recommendations are also very sound and aligned with our policy. You suggested a whole-of-government, comprehensive approach with security, economic, and governance pillars seeking to shape a region at peace with itself and its neighbors, characterized by states that are strong, independent, and prosperous and governments that are resilient, responsive, and accountable. I wanted to read your language and your words because I think they are very well aligned with our strategy.

Elements of our strategy — the Indo-Pacific strategy — have been publicly articulated, of course. Recently, Secretary Mattis spoke at the Shangri-La Dialogue in June to talk about the defense and security aspects of our Indo-Pacific strategy. Many of you probably saw last week a major event at the Chamber of Commerce in the Indo-Pacific Business Forum. Secretary Pompeo, Secretary Perry, USAID Director Green all talked about the economic development and energy aspects of our Indo-Pacific strategy.

So much has been articulated in public. I don't need to go through all of that, but I thought I would use the brief time I have today to talk about how we see Southeast Asia in the context of our Indo-Pacific strategy.

So consistent with Mike's report, we seek to maintain a free and open Indo-Pacific region, where nations with diverse cultures and different aspirations can prosper side by side in freedom, peace, and stability. By free, we mean nations who will be free from coercion and able to protect their sovereignty. At the national level, we mean that societies are increasingly free in terms of good governance and fundamental human rights and liberties. By open, we mean that all nations can enjoy freedom — freedom of the seas and airways — and that all share a commitment to peaceful resolution of disputes. We also mean — free means more open investment environments and improved connectivity that drives regional integration and prosperity.

Southeast Asia lies at the heart of the Indo-Pacific region, and thus arguably Southeast Asia and the maritime domain are areas where these concepts are most challenged. Southeast Asia, we think, therefore has much to gain from the successful advancement of our vision and our strategy.

While the US has long recognized the importance of Southeast Asia, as evidenced by our long-standing security partnerships and alliances — the Philippines, Thailand, Singapore — our interests are growing alongside the growth and importance of the region as a whole, particularly the security and economic aspects.

So as a result, we are increasing our meaningful engagement with Southeast Asia. So let me address DOD's role in that. Secretary Mattis is personally committed to this region. He's visited the Indo-Pacific region seven times as secretary of defense, including four times to Southeast Asia. He also believes in a strong investment in ASEAN-led institutions, such as the ASEAN Defense Ministers Meeting, plus the AD, MM, plus.

It is a particular focus for the department and right now. Currently, the United States is co-chairing an expert-level working group on humanitarian affairs/disaster relief with Malaysia. Our routine military presence in the Indo-Pacific is a vital source of regional stability and serves as an important demonstration of our serious commitment to the region. Freedom of navigations, or FONOPS, are the most visible part of that, but we are engaged in activities, exercises, and operations across the region every day.

The US military is active on a daily basis to safeguard freedom of navigation and overflight in the Indo-Pacific, demonstrating our commitment to fly, sail, and operate wherever international law allows. In these activities, we're joined by other like-minded countries who are concerned about growing challenges to international law, international norms, and a rules-based order.

We are also engaged in capacity building efforts, and in this we are joined by like-minded key allies such as Japan and Australia to build capacity of our Southeast Asian allies and partners to defend their sovereignty and their independence. For example, we provided

extensive counterterrorism support for our Filipino allies, both during and in the aftermath of the Islamic State–linked — the battle with the Islamic State–linked militants in the city of Marawi.

We’ve also helped build Vietnam’s maritime capacity by providing a high endurance cutter, through excess defense articles, and we boost — we’ve boosted a burgeoning defense relationship with many activities and engagements, including the first aircraft carrier visit to Vietnam earlier this year to Danang.

We are ramping up our security assistance to Southeast Asia both through new programs, like the Maritime Security Initiative, as well as through long-standing programs, such as Foreign Military Financing. Through MSI, we are providing the Philippines, Vietnam, Indonesia, Malaysia, and Thailand enhanced ability to sense, share, and contribute to maritime security and maritime domain awareness, with the ultimate goal of having a credible regional maritime picture and therefore the ability to maintain freedom of maneuver. In MSI’s first three years, we’ve focused on enhancing information sharing, interoperability, and multinational maritime cooperation.

With respect to foreign military financing at the recent ASEAN regional forum, Secretary Pompeo announced over \$290 million in foreign military financing to strengthen maritime security, humanitarian assistance and disaster relief, and peacekeeping capabilities in the Indo-Pacific, to include Indonesia, Malaysia, Philippines, and Vietnam.

We also use our defense relationships around the region to increase capabilities through exercises, both bilateral and multilateral. Last year we hosted the first US-ASEAN maritime domain awareness exercise, and this year we are expecting to repeat that and to expand the scope of that exercise. This year, the chief of naval operations and the commandant of the Coast Guard are hosting the first US-ASEAN maritime dialogue. We’ve also resumed full participation in our flagship exercises with our Southeast Asian allies, Cobra Gold with Thailand and Balikatan with the Philippines, and we are continuing to increase the complexity of our training across the region.

We are committed to even deeper engagement with Southeast Asia, but we also cannot ignore where our humanitarian concerns will create political constraints on the pace and scope of that engagement. In Burma we have serious concerns about their trajectory. The ethnic cleansing campaign in the Rakhine State is a repugnant stain on the military, those elements involved in that campaign, and rightfully will impact our thinking.

As we look at the overall political picture there, we are concerned about the case of the two Reuters journalists who are on trial for their coverage of the Rakhine State. Convicting innocent journalists would certainly cast grave doubt on the rule of law and the future of democracy in Myanmar.

In Cambodia we are also concerned about the trends. After Cambodia’s sham election last week, the White House expressed, quote, “profound disappointment,” and cautioned that steps may be taken in response to that election. In the meantime, Cambodia should imme-

diately release opposition leader Kem Sokha. Hun Sen's wrongful imprisonment of Kem is causing great stress and leading to his deteriorating health. As is the case with Burma, there appears to be little foundation for quality military and security relationship when the Cambodian military is being used to threaten the people of Cambodia who are seeking a voice in their political future.

Overall we are doing a great deal in Southeast Asia and are confident that we are well positioned for the long-term strategic competition that is unfolding in the Indo-Pacific region. Our strategy is an affirmative, positive one, and it's inclusive. And while it's not aimed to any particular country, there should be little doubt that much of the Chinese behavior is demonstrating objectives that run counter to our objectives for a free and open Indo-Pacific.

We seek a positive, results-oriented military and security relationship with Beijing, but Chairman Xi Jinping and the CCP need to understand that, while we seek cooperation where our interests align, we will confront and compete where we must.

We often hear that countries in the region do not want to be forced to choose between the US and China, and, while we understand that concern, this is not a choice that we would have the people of Southeast Asia contemplate. As we look at that growing data set of Chinese predatory economic statecraft and more assertive behavior that includes militarization of the South China Sea in an attempt to operationalize an unlawful sovereignty claim, the choices are clear. Not between being in one camp or another camp, but of two vastly different aspirations. So the choice is really between partnership or domination, independence and self-reliance or a mortgaged future, full sovereignty or coercion, international law and norms or irredentist claims and control.

Southeast Asia will remain central to our thinking as to how to best implement this administration's free and open Indo-Pacific vision, and we'll continue to build on our already strong relationships there to shape a region in which all nations can enjoy freedom, peace, and prosperity.

So once again, thank you for the opportunity to speak here today. Congratulations again to Mike at AEI, and I look forward to your questions. Thank you. (Applause.)

MR. BLUMENTHAL: Thank you very much, Randy. We have a — please state your name and affiliation and ask a question please. Don't try to smuggle in a comment, or I will call that out. We know how to do that here. So yes. You in the back. Go ahead. Wait for the mic, also.

Q: Thank you. My name is Genie Giao Nguyen, with Voice of Vietnamese Americans. I'd like to ask you to specify the — what confront — when you said that we will confront China for any illegal actions in the South China Sea, what does that involve?

Secondly, I would like to ask about the situation of Vietnam and its proposed law of the special economic zones of the three very strategic post in the South China Sea along Vietnam

which is — (inaudible). Those are very strategic, maritime — marine coast. What do you think the US actions can be economical wise, partnership wise, and also inclusively with ASEAN? Thank you.

MR. SCHRIVER: On the first question about confronting China, I would simply relay what our senior officials have said across the table to their Chinese interlocutors when China challenges these concepts of open and free Indo-Pacific, as we are seeing in the South China Sea. And confront can take a variety of forms.

Maybe it sounds a bit aggressive, but, for example the decision for disinvite from RIMPAC I think is a form of confronting China's behavior because it was linked directly to the militarization of those outposts in the South China Sea that led to that decision. And when the Chinese were informed of our decision, it was linked to those activities. So again, where we see these concepts of international law, international norms, free and open Indo-Pacific are challenged, I think you'll find the United States and probably many other countries side by side in confronting that behavior, those activities.

On your second question, I'm afraid I'm not very well versed on these special economic zones. I think as a general matter we are bullish on building out our partnership with Vietnam. There's a lot happening in the defense space. I mentioned the aircraft carrier. I mentioned the excess defense article, the coast guard cutter. We are looking to partner even more in the space of maritime security and maritime domain awareness.

I think the economic component of that relationship is very important as well. Secretary Pompeo was there not long ago and discussed the full range of our relationship, so I will leave it at that.

MR. BLUMENTHAL: In the yellow jacket there, and then one up here, too.

Q: (Inaudible) — with the Voice of America. When does DOD plan to resume joint military exercises with ROK? Because North Korea is not taking any substantial denuclearization actions right now, and this was supposed to be a goodwill gesture to prop up the diplomacy.

Second question: When do you expect to resume the joint field operations to find out the remains from the North Korea? Would this be around next spring?

MR. SCHRIVER: Thank you for your questions on Southeast Asia. (Laughter.)

MR. BLUMENTHAL: We're trying to pivot to Southeast Asia.

MR. SCHRIVER: So the United States government has announced the suspension of one major military exercise, the Freedom Guardian Exercise and a couple of minor marine exchanges that involved amphibious landings. No other decisions have been made. No other announcements have been made.

What we do in the future will depend on North Korean behavior, and we will look to Secretary of State Pompeo and the president to give us a lead on their assessment of how the negotiations are going.

MR. BLUMENTHAL: Let's go up here. One question please.

Q: Hi, Rachel — (inaudible), reporter with Congressional Quarterly. The recent I guess turning over of the port in Sri Lanka for 100 years has raised a lot of eyebrows. Are there any other infrastructure — strategic infrastructure programs you see in the region that you are concerned could be turned over to China in a similar way if the debt isn't repaid?

MR. SCHRIVER: I think the lease was for 99 years, which is interesting because that's the same terms as Hong Kong was originally turned over. So there is this irony of the deals the Chinese are striking now, versus their own history, which they often express grave concern about their treatment in the past.

We are mindful of Chinese activities throughout the Indo-Pacific region and where they are looking to invest through the Belt and Road Initiative and where their military is trying to engage in defense military diplomacy. And I would not want to sort of start calling out a number of countries, but, you know, we have seen where they are stressed economies, where there is political disruption in terms of backsliding from political liberation or democracy. When some of these core elements are in place, the Chinese can be very opportunistic and move in. So our approach shouldn't necessarily be to be blaming the Chinese for having a strategy. They have a strategy.

We need to offer alternatives — sometimes on our own, sometimes in partnership with other countries. Think about our own strategic port calls, think about our own investment in bilateral military relations, think about the full range of activities we can bring to bear. And I think when it comes to the economic aspects, I would look again at the Indo-Pacific Business Forum last week, where people like Secretary Pompeo and USAID Director Green talked about the difference in how we approach development assistance, the difference in how we invest in countries.

We ultimately — if it's aid, we want them to graduate. And if you look at the long history of aid, a large percentage of recipient countries are now independent of assistance and enjoy strong economies and sovereignty. Same is true of our economic partnerships through trade and investment. We want those countries to be stronger, prosperous, and more independent and have sovereign control. That's in stark contrast to how the Chinese approach things.

MR. BLUMENTHAL: Think in the back, in the red there, was next in line. One question please.

Q: Thank you. (Inaudible) — from Central News Agency, Taiwan. My question is about Asia. Assistant Secretary, you mentioned the Indo-Pacific Security Initiative that Secretary Pompeo announced last week. I'm just wondering that from DOD's perspective, how will you strengthen the maritime security in the region? And with regard to the humanitarian

assistance is Taiwan, is Taiwan playing any role with this regard? And with regard to the rule-based system, do you think that the Americans should join the CPTPP? Thank you.

MR. SCHRIVER: So the first question, I've actually after the third or fourth, I got — the first question was about?

Q: How will the United States strengthen the maritime security?

MR. SCHRIVER: So we do have programs such as the Maritime Security Initiative that contribute to capacity building, in some cases in partnership with our State Department colleagues. These are investments in actual material things that — radars — things that support maritime domain awareness. In some cases it's the training, in some cases the organization, assisting with how they organize and approach maritime security. So we are a partner with our State Department in these efforts, and I think, again, our flagship program being the Maritime Security Initiative.

Again, I'm now sort of forgetting the second, third follow-on questions. I know there was something about Taiwan in there. We think Taiwan is an important contributor to the Indo-Pacific free and open concepts. It certainly demonstrates the free part in terms of — as we say in internal good governance, democracy, respect for humanitarian affair — humanitarian rights and religious freedom.

We think that those values — there's a role for Taiwan to uphold those values throughout the region in particular ways. Taiwan has a great record, historically, on humanitarian affairs, disaster relief, many times through its NGOs. And I think it's to our benefit to think creatively — given our nondiplomatic relationship, think creatively how we can continue to partner with Taiwan to promote those values.

MR. BLUMENTHAL: I'm going to demonstrate how one question goes. My name is Dan Blumenthal. I'm with the AEI. You served as — in the State Department and as a naval officer. What has changed the most in your mind since you came back to serve in government?

MR. SCHRIVER: Well, let's see. I left government in 2005, so it's a much different China — more powerful, more capable, more assertive, so both on the capability side and in the behavior side. I think that's probably the biggest difference.

I think we are — I would add, I think we have — and maybe these two are linked, but if that's true, so be it. We have allies, partners, and other countries that themselves are more capable and more willing to be active in the region. It's a very different Japan than 13 years ago when I last served in government. A very different Australia. Very different New Zealand in a lot of ways.

I think the value of partnering with the United States in promoting a rules-based order, international law, international norms is widely held and widely seen, and countries understand that there is a burden for them to share, and that's another evolution, I guess I would say.

MR. BLUMENTHAL: Thank you. This gentleman right here

Q: My name is Mitsuo Nakai, Heritage Foundation. Regarding South China Sea, the island creation is one thing, but militarization is a different story — different ball game. That's number one. Number two, I'm not so sure —

MR. BLUMENTHAL: One question, please.

Q: OK. Our satellite imagery project, is it sufficient or not?

MR. BLUMENTHAL: How are we going to deal with the militarization in the South China Sea?

MR. SCHRIVER: Well, the militarization is problematic. It goes against the pledges that Xi Jinping made in the Rose Garden in 2015 with President Obama. It's also a problem because it's associated with an unlawful sovereignty claim that is very expansive and I think would threaten the rules-based international norms that all countries benefit from.

And it's not just militarization. The increasing behavior where we see more shadowing and harassment, where we see cautionary notes about how transits are made by military vessels. So this is of great concern.

We have taken what was described at the time as an initial step, which was disinventing China from RIMPAC. Symbolic perhaps, but important because it was linked to those activities and it was stated that RIMPAC, in the spirit of that exercise, China's activities were inconsistent with it.

I think what you will see is certainly a continuation of freedom of navigation. I think you will see perhaps more countries joining in presence activities, which if not a 12 nautical mile challenge, presence in the South China Sea is very important because China claims the whole thing, through the nine dash line.

And I think you will potentially see more cost imposition, even if it's not directly on point. We don't have to do something in the South China Sea, per se, to express our concern about what China is doing in the South China Sea themselves.

I think in terms of our ability to monitor it and you asked about satellites, I think it's very — it is sufficient. I think one thing we want to do is make more information public, shine a light on this activity so there is no doubt. And occasionally we run into challenges with declassifying things and doing it quickly enough, but over time I think we want a light shined on this behavior because it is of concern to everyone in the region.

MR. BLUMENTHAL: (Inaudible) — next and then Roger will be after that. Why don't we take both? One question from each, because we are running out of time.

Q: Hi, Randy. Thank you for engaging the dialogue again. The defense authorization bill just passed by the Congress has some language specifically on Taiwan. I just wonder, from the administration's point of view, how are you going to execute — you know, like medical ship visit to Taiwan, and high-level visit, and the routine arms sales to Taiwan? Thank you.

MR. BLUMENTHAL: Roger. Go ahead.

Q: Roger Cliff of the Center for Naval Analyses. I have a harder question. You talked a little bit about protecting the sovereignty and independence of countries in the region and, of course, it is China that is the external actor that is the most threat to this. And we talked a little bit about ways of confronting the more overt things that China has been doing. What about some of the more covert things that they are doing in terms of a effectively neutralizing the governments of certain countries in Southeast Asia or trying to leverage the Chinese diaspora throughout the region to influence the policies of those countries? Thank you.

MR. SCHRIVER: So first on the NDAA and some of the Taiwan provisions. I think, first of all, we are still reviewing. The NDAA just passed not long ago — last week or recently. We are still reviewing all of the provisions. If it's a statement of congressional intent, we certainly acknowledge that it's a point of interest for Congress, and there's always been strong support for Taiwan there.

The things you mentioned — a potential hospital ship visit, high-level exchanges — to my knowledge, those are things that we have the latitude to do under the Taiwan Relations Act, that under the current construct of the relationship, so we'll take a look and see if NDAA adds to that or merely supports it. But I don't have any comments on future plans, what we might do. But I do regard congressional action through the NDAA as a strong statement of their interest and where their support lies.

On the more — you used the term “covert” — aspects of China's influence operations in Asia and Southeast Asia, again I think similarly continuing to shine a light on what China does is the first step. Because I think when these things are exposed, there is often backlash. We certainly saw that in Australia when much of those activities were published through the good work of people like John Garno.

I think we saw that in Vanuatu when there was a press story about potential economic leverage being used to gain port access. Whether that was a factually correct story or not, it created a backlash in Vanuatu.

I think we are learning more and more about the situation in Malaysia — that it's much worse than people even expected, and I think Mahathir is planning to travel to China to talk about getting out from under some of this debt and maybe renegotiate. But I think our position can be to remind Malaysia that they have leverage here, too, if they can expose some of these corrupt deals and how Chinese use these predatory practices to gain influence in ways that run against the interests of the domestic population.

And then I think we have to be more skilled or more clever about our own engagement. We are not going to do what China does, but strengthening our own narrative about what it means to partner with the US in a variety of ways — you know, our engagement and our partnership ultimately leads to self-reliance and independence and protection of sovereignty — not the erosion of it. And our cultural exchanges and our American centers and things of that nature are for the genuine promotion of ties, not for the subversion of the other country. So continuing to show what the clear choices are I think part of the exercise as well, and having that alternative known to partner countries.

MR. BLUMENTHAL: We have run out of time, but I'm going to take the moderator's last question. How would you measure success — sorry. Dan Blumenthal, AEI. (Laughter.) How would you measure success, let's say, in the course of one or two administrations?

MR. SCHRIVER: Well, I think, again, China has a strategy, and to think we are going to accomplish a major rollback and change of behavior I think would be pretty optimistic. I think it's something we should work at because I think China's interests will ultimately lie in a free and open Indo-Pacific that they can benefit from as well, but I think in the near term it's really to blunt any erosion of individual country sovereignty, blunt the coercion and influence operations, and to continue to promote the free and open Indo-Pacific in the way that generates a positive response.

I think that measures will be countries wanting to partner with us. Partner with us in more comprehensive ways. We know countries welcome our investment. We outpace China in terms of foreign direct investment in virtually every country in the Indo-Pacific. But continuing to partner with us in promoting maritime security, partner with us through diplomatic fora when it comes to calling out activities in the South China Sea, etc.

So I think the real metrics will be in the partnerships we develop. You mentioned Vietnam, Indonesia, Philippines. You could add India. You could add a number of countries that I might characterize as emerging partnerships. Maybe Philippines is a little different. It's a long-standing treaty ally, but non-allied countries that are emerging partners — there are certain things that we'll be able to develop, see, measure that will indicate we have a closer partnership on these issues that I'm talking about here today.

MR. BLUMENTHAL: Well, Randy, thank you very much, and thank you for your service. And we all know we are benefiting greatly as a country from your leadership on these issues at DOD. And good luck in the future, and obviously AEI and many other think tanks stand ready to help in any way we can. So thank you very much.

MR. SCHRIVER: Thank you. (Applause.)

MR. BLUMENTHAL: We are going to move to Mike Mazza and the moderated panel.

OK. Welcome, everybody. I'm Dan Blumenthal from AEI, and I would like to introduce the panel first. We have very distinguished group that I have been privileged to work with for a while. Cara Abercrombie is a longtime Defense Department civil servant, who has been

working on India relationship before it was cool. I don't know if it's cool now, but before it was cool. And a lot of these Southeast Asian countries also for a long time, and is currently a fellow at the Carnegie Endowment, where she's been researching and writing. She'll comment on Mike's report from a defense angle.

And Walter Lohman, a good friend and colleague who has done a long service in Southeast Asia as the president of the US-ASEAN Business Council for some time, and under Senator McCain, who has always been a leader of Southeast Asia policy, who will be commenting more on the economic and political aspects of what's called the Mazza Southeast Asia strategy.

And then Mike Mazza, who's been with us at AEI for a decade, worked his way up through the ladder — the hard work up here to become an independent scholar and put out excellent reports like this. And let's open it up first to Mike to speak for a few minutes, before we do some moderated questions.

So go ahead, Mike.

MIKE MAZZA: Thank you, Dan. Thanks for the kind intro. Just a few quick words of thanks before diving into the strategy. Randy has already left, but a big thank you to Randy for being here today and helping us launch this report. I want to thank Dan and Sadanand Dhume, who I don't see here — AEI colleagues who have provided advice and guidance on this project, from a concept paper I wrote several years ago up through planning the event today.

I also want to thank three research assistants who assisted on this over the course of the project: Eddie Linczer, who is now on Capitol Hill; Olivia Schieber, who is now our research program manager in the foreign policy department here; and Annie Kowalewski, who is our current research assistant. All of them helped with grant writing, with research editing, managing the publication process, and again planning the event today. Without their efforts, we wouldn't be sitting here today.

And finally, I want to thank Cara and Walter for being here and for being here on relatively short notice. They both have much deeper experience and deeper knowledge of the region than I do, so I really look forward to hear what you have to say finding out where I went very wrong.

And with that, I'll dive into the presentation here. I'm going to through this as quickly as I can, so if there are questions about specifics that I don't dive into, hopefully we can get into that in the Q&A.

So first off, I just wanted to talk about why the region matters. When you look at — the Obama administration, for example, did what I would argue are a lot of positive things. Deepening engagement on a bilateral basis in the region and with ASEAN, but never really explaining why Southeast Asia was such a focus within the broader pivot or rebalance to Asia. And I don't think the Trump administration has quite answered that question yet either.

To my mind there are four big reasons why we care about Southeast Asia. First is its geo-strategic centrality. As Secretary Pompeo described last week, it sits literally in the center of the map of the region that we're now calling the Indo-Pacific. Key shipping lanes run through Southeast Asian waters, which are important both for trade, but also for global power projection — power projection from the United States, but from the others as well. And the region acts as either a buffer or a link between India and China and between Australia and Asia's major powers, as well.

It's also home to natural resources, which have been crucial to Southeast Asian economic well-being, but to others as well. That's been true for centuries. But natural resources aren't the only reason that the region is important for economic reasons.

It has a large and growing population. The VIP countries in particular — that's Vietnam, Indonesia, and the Philippines — have younger populations with high GDP growth rates. They have healthy demographic profiles. And with China potentially facing a growing economic headwinds, Southeast Asia can be a potential driver for global growth in the decades ahead.

The third regional security challenges have global implications. We've heard a lot about the South China Sea already today. We are familiar, I think, with that challenge. Outside the South China Sea, Southeast Asia continues to face challenges of terrorism and insurgency. And we know well at this point, localized extremism can have effects outside the region.

And then there is nontraditional security challenges as well. Things like piracy, transnational crime, natural disasters, which again can have wide-ranging effects. You know, as one example, a severe flooding in Thailand several years ago had economic effects far outside Thailand's borders.

And finally the region — the region is important to the United States for reasons of governance and human rights. American statesmen have long recognized that the stability that the strongman provides ultimately proves illusory — that unfree societies may achieve some economic success but will not achieve the levels of economic dynamism that they might wish. And that good governance is not truly possible when a citizenry has little say in how it is governed. These are things that the United States has essentially always cared about, and for that reason Southeast Asia will continue to draw interest going forward.

Given that, what should US goals be? What's a long-term vision look like? And there is — to me there is three points that I would make.

First, I think the US should seek to shape a Southeast Asia that's at peace with its neighbors, a Southeast Asia in which states interact peacefully with one another and in which open access to the global commons is assured.

Secondly, the United States should seek to shape a Southeast Asia that embraces free market economics that's more deeply integrated with global trade and financial flows and is integrated in such a way that it leads to growing prosperity within Southeast Asia.

And third, of course, the US should always support the democratic aspirations of Southeast Asian peoples and should be ready to support and assist states transitioning to more liberal forms of government. But change of course rarely happens overnight.

And in the medium term, I think the United States needs to be content to seek a shape — to seek to shape a Southeast Asia in which governments are at least resilient, responsive, and accountable. I think pursuing this vision would advance the Trump administration's goal defending the free and open Indo-Pacific, and I think a free and open Southeast Asia is crucial if the United States wants to achieve its broader goals in the region.

So that being said, what does the strategy look like? I describe three pillars, as Randy noted earlier: security, economic, and governance pillars. And again, I'll work through this quickly. But before diving into the sort of traditional security questions, I wanted to ask a question about ASEAN, which is: What do we do about that organization?

There has been a lot of frustration here in the United States in recent years, I think, given its inability to act as any sort of strategic counterweight to China, its inability to find consensus on a more robust response in the South China Sea to China's activity there. And there has been some questions about whether it's worth the American effort. And I think it is.

I'll make four quick points about why ASEAN matters, and how the United States can effectively engage. First, fairly or not, US engagement with ASEAN is seen as a litmus test for our commitment in Southeast Asia, and it's seen as that by US allies and partners as well. It may be inconvenient, but it's a fact we have to deal with.

Secondly, ASEAN provides opportunities for valuable theatrics. It's useful for a secretary of state or defense or the president to go out to the region to make these summits and make declaratory statements of US interests and US policy. That's not sufficient. We need to of course see action follow words, but the words matter.

Third, I do think ASEAN is a useful forum through which the United States can help tackle or contribute to combating transnational crime issues. So, for example, all ASEAN states have committed to tackling human trafficking, and they are open to assistance in doing so. And we are engaged with ASEAN in providing resources and providing training to try to tackle that challenge.

And fourth, I do think that by working in and through ASEAN, the United States can take the reins when it needs to on some of the more traditional security challenges that we face in the region, including the South China Sea.

And I was happy to hear Randy talk about the importance of the ADM and PLUS, because I think it's a forum that we can get greater use out of. And in particular I argue in the report

that we should look into forming a subgrouping within the ADM and PLUS of like-minded states with whom we can coordinate ahead of major summits. We can coordinate approaches to the South China Sea and other pressing security matters. We could call it a maritime security caucus.

And again, it's something that I think it's open to us within the region because we would be working through ASEAN, rather than outside of the organization, which China increasingly is doing, by the way, and which is looked at unfavorably by the ASEAN states.

Given that, what we do about South China Sea? Again, I'll go through this very quickly, but I describe the two-pronged approach in the report: dissuasion and diplomacy.

So first, dissuasion. We want to dissuade China from doing any further island building, from deploying significant military forces to the region, from engaging in any other sorts of provocative and certainly aggressive behavior. How do we do that? I think there are three ways we can do that.

China essentially has paid no costs over the past four or five years for its behavior there. And I think we can start imposing some costs. And I think there's reason to do so, again, as Randy described, outside of the South China Sea. Chinese activities there are challenging what we might call core American interests, and it's useful and makes sense to respond in ways that demonstrate that.

Secondly, we can do more within the South China Sea. And in particular I think we need to work on enhancing our maritime — our military presence and our military posture. Right now we're limited to bases in the Philippines and access arrangements in Singapore. My own view is that that's simply not sufficient. We need more access in more places across the sea.

And third, and related to that, if we want to reshape the security landscape in our favor and in our partner's favor, we need to continue prioritizing building partnership capacity. And again, I was happy to hear Randy talk about this as well. I don't think there's much more to say about it at this point in time, but I would say one thing that I think it's time that we really start pursuing aggressively is a regional maritime domain awareness network. We at AEI have been pushing this idea for probably eight years or so. Others in Washington have been writing about it as well. It's hard work. It's complicated, but it's potentially a very useful way to deter all parties — all interested parties in the South China Sea from engaging in particularly provocative or destabilizing acts.

On the diplomatic front, I think what's required here is really the US to exercise leadership in a way that it has not in the past and do so in a way that sets us on a path toward actually resolving, rather than just managing, these conflicts. And again, this is an argument that Dan and I made in an op-ed for the first time three or four years ago. The idea would be to launch a new diplomatic process involving claimants, which would set out to set standards for conduct, to agree on parameters for resource development, and to move over time toward eventual border delimitation.

China would be welcome, but we would also be ready to move forward without China. Again, no bones about it, this is an enormously complicated thing to do, but it's worth pursuing if we want to, again, change the security landscape in the region in our favor. I think Southeast Asian states that are claimants can be brought along if they are convinced of US commitment. Then, there are a number of steps we can take to do that, and I'd be happy to talk about that in the Q&A.

Southeast Asia, of course, is also repeatedly stricken by the scourge of terrorism. There's ongoing insurgencies across the region. I'll just focus on one thing in particular in my remarks here. I think the Trump administration was right last fall to reinstitute a named operation in the Southern Philippines, following the events in Marawi over the previous several months. It's important that we match that with civilian resources. When we were successful in the Philippines, somewhat, during the first decade of the 2000s, this was a combined military and civilian effort in order to bring better security, peace, and stability in Southern Philippines.

I'd also like to see us use this operation as a means to enhance cooperation with third parties. So for example, bringing Indonesian special forces, counterterror police over to the Southern Philippines for — well, for classroom sessions with United States and Philippine special forces, but also giving them an opportunity to observe us operating together in the field. This can enhance the capabilities of all three, but also begin to build some of the institutional and person-to-person ties between US and Indonesian special forces, which are missing at this time.

And finally, nontraditional security threats. I don't have much to say there. Essentially, I argue that we should keep doing what we're doing. We're always in the lead or frequently in the lead when it comes to national disaster response. We're very good at it. Our Pacific Pathways program, in which we train others to do it, is very successful, and we're engaged on combating transnational crime as well. And again, I think we just keep doing what we're doing there going forward.

So on the economic front, we need a trade agenda for Southeast Asia. Secretary Pompeo, in his speech last week, said that we would be welcoming bilateral trade agreements with states in the region, but thus far there's not evidence that that's actually a priority for this administration. And I think it needs to be. And one way to go about doing this — and this borrows from an argument that Dan and our colleague Derek Scissors made — is to actually start with Japan.

The TPP negotiations laid a foundation for the United States and Japan to move relatively quickly, if they want to do so, on their own trade agreement. And in particular, they can set high standards and easily set high standards on state-owned enterprises and on intellectual property protections, which we can then take to Southeast Asian partners and make clear that these are what we consider benchmarks for agreements with them going forward.

I think we start with the Philippines. They've already done some of the very hard work of identifying the steps they would have needed to take, whether they joined the Trans-Pacific

Partnership. President Duterte brought this up with President Trump last fall. They're interested and serious about I think deepening trade. And so that's where I'd start.

Vietnam desperately wants more access to US textile and footwear markets. And then we should be open to follow on agreements with Malaysia and Indonesians and others. Ideally, we'd see a series of high-quality, high-standard bilateral FTAs or perhaps even the evolution of the US-Japan agreement into a broader regional framework.

Regarding multilateral efforts, I'll just talk briefly here about infrastructure investment. Secretary Pompeo, again, last week, announced a new US initiative here. Beyond that, I think we want to be working much more closely with US allies and partners and encouraging to coordinate amongst themselves. We're seeing the beginnings of some of this work, but more needs to be done going forward.

Basically, we want to make sure that China is not the only game in town in Southeast Asia when it comes to infrastructure investments, that they can go to the Asian Development Bank or they can go to the World Bank, that they can go to other partners who have an interest in supporting these types of investments. We're not going to match China dollar for dollar, but we can provide options, which others will be welcoming.

And finally, on the question of governance, the challenge in advancing toward a freer future in Southeast Asia is a diverse one. There's not a one-size-fits-all American approach to the region. I think this points to an ambitious long-term end state. Of course, we want to see liberal democracies across the region, where human rights are respected and defended. But we may have to settle for more short-term goals. And in the short term — and again, this depends a bit on the country in question, but in the short term, I think we focus on governance over democratization per se.

Improved governance would lead to stronger economies over the long term and importantly dampen the potential influence of Chinese and other dirty money. And I think we do this by, again, by tackling transnational crime. Countries in the region have all committed to some extent to tackling things like human trafficking, trafficking of wildlife, narcotics. But if they are serious about doing so, there will need to be improvements in rule of law. Corruption will need to be dealt with in a serious fashion. We'll need more professional criminal justice systems.

This is sort of a backdoor bank shot approach to getting at some of the governance issues that we care about, and doing so in a way that will be more amenable to states in the region. In the report, I do a country-by-country essentially approach to how we want to focus on governance. I'm not going to go through that here. But if we are able to shape a region where governments are more resilient and responsive and accountable, I think that's in the interest of the United States and certainly in the interest of Southeast Asian peoples as well. And that's where I'll wrap up.

MR. BLUMENTHAL: Thanks a lot, Mike. And I encourage you, you want to read the report, for it's quite rich and it's detailed. Let me — I know you have some prepared comments, but I'm going to throw you out by asking some questions.

Walter, let's start with you. Let's say the — Mike's agenda is basically right. The Trump administration has decided to fix relations with some of the dictatorships in Thailand and the Philippines, an approach that has, I guess, higher diplomatic and security concern right now than some of the human rights issues because arguably China made so much progress in encroaching in that region beforehand. Do you think that's the right approach?

WALTER LOHMAN: I do think it's the right approach in those two cases — that is, with the Philippines and Thailand. I think you need to be operating on a sort of sliding scale on these things. I'm all for pressing for human rights concerns across the board in all of the countries, but the way you do it, I think, has to be different in each.

I mean, for instance, Cambodia and Burma, I think they're taking the right approach. They're too pressing pretty hard on the human rights issues. But when you look at Thailand and you look at the Philippines, you've got to weigh the other benefits that they offer, and both offer a tremendous amount of value to the United States and allies.

And so I think the way you approach the issues, like in the Philippines, is the way our ambassador is now, mostly behind closed doors. Similar in Thailand with — (inaudible).

MR. BLUMENTHAL: Let me just stick with the watch for another couple of minutes here. On the economic approach, obviously, those of you who watch "Monty Python," Trans-Pacific Partnership is dead. It's not just resting. It's been dead for — (laughter) — it's been dead for a very long time. Arguably, it's been dead as soon as it was given to the House Republicans to run it through. But that's not a debate for today.

So Secretary Pompeo put out a speech together with the whole sort of cabinet — not just a speech, but a strategy — the whole sort of cabinet officials that essentially the approach right now is to catalyze private capital into the region. And I think they're correct in saying that there's no amount of government money that can meet the infrastructure needs of Southeast Asia.

The question is twofold. One is we probably need more now. We probably need to start negotiating at least bilateral investment treaties to improve market conditions in those countries. But the other problem, I think, is just the corruption within those countries. And what in the world do we do — so the first question is: What do you make of this economic approach? And the second one is these issues of just China being able to go into some of these countries and just engage in pure corruption and bribery to win contracts versus US private investment or multinational private investment.

MR. LOHMAN: Well, I really liked Pompeo's speech last week. I think he identified exactly the way that we need to compete with China. The messaging was slightly off, I think, in

terms of identifying the resources that we're investing there. I'm not sure it was a good idea to state the amount.

MR. BLUMENTHAL: Yeah.

MR. LOHMAN: Because it's really not an apples-to-apples comparison with what the Chinese are doing.

MR. BLUMENTHAL: Right.

MR. LOHMAN: So by saying the amount, you open the door for it to be looked like, looked at that way. And Wang Yi, on cue, did basically mock or taunt, however you want to look at it, Pompeo for doing that.

But I do think the approach is exactly right. We have to be able to unlock the power of the US private sector, even more than we have so far. Because as Randy pointed out, we're much bigger investors in the Southeast Asia than the Chinese are already. So that is the way we have to go about it, and we just have to message it in the right way.

But I also agree with Mike that we need a trade policy. So that's one part of it, but that is not going to get you all the way. We need a trade policy, and we don't really have a trade policy in Southeast Asia. There is the prospect of free trade agreements with Philippines, also with Thailand. Ambassador Lighthizer mentions at every opportunity those two.

But a couple of problems with it. One is we're not getting a whole lot of take up on it. The Philippines is eager to do it, but so far it's just a matter of consultations. We're not really moving forward very quickly at it. And then, the other problem is capacity. So when the USTR, small agency to begin with, is involved in renegotiating NAFTA and, of course, is not fully done yet. They agreed on this agreement on principle, several months ago, but still hasn't been finished. And if I'm in Seoul, I'm waiting for the auto tariff decision to be decided before I actually sign that agreement. So that could be another drain on time very soon.

So I just don't see much activity going on there. And I also agree that Japan would be a good model, be a good place to start, but we also have a problem there in that the Japanese don't want to do it. So we've got to come up with an attractive picture for trade and a broader economic relationship in order to best sell this vision that Pompeo was offering last week. And so far, we're not offering that compelling vision.

If you go back and look at the president's speech at APEC, that was not the way to do it. OK? He basically said, OK, you all are cheaters and liars and you're screwing us, but if you behave yourself, we might do an FTA, if it benefits us more than it does you. Who's going to buy that? So we need a compelling vision in which to house all of these different aspects.

MR. BLUMENTHAL: But there is this question that we've not raised as artfully as possible, which is it's hard to compete when the countries themselves are not engaged in their own

market reform, investment protections, and involved in corruption. Some of that is up to the countries themselves, right?

MR. LOHMAN: Yeah, yeah, absolutely. That is an issue. But years ago, when we already went through this process with Malaysia and Thailand and it didn't come out the other side with the free trade agreement, the point was always made, "They're not ready for it." The point is always made for the Filipinos. They're not ready for a free trade agreement with these issues.

But if we could make a free trade agreement with Mexico, I think we could deal with corruption —

MR. BLUMENTHAL: Oh, we'll see —

MR. LOHMAN: — in Thailand and elsewhere.

MR. BLUMENTHAL: But yes.

MR. LOHMAN: Yeah. But I think it's a way to deal with it, and I also think we do script in reforms that are necessary in order to abide by the agreement. So the agreement is actually a spur to reform in those countries.

MR. BLUMENTHAL: OK. Cara, is it over in the South China Sea? You go to any think tank forum, and you get some of the same answers, which is we got to continue with or we restarted the program with — to their credit, they restarted the robust program of Freedom of Navigation and others, so we can keep the freedom of navigation open. People say cost imposition, and there's only so much you can do, right? Capacity building.

But the Chinese essentially, effectively control so much of it now. Yes, except for the Scarborough Shoal. Are we looking at this the wrong way? Is it a massive territorial change, bigger probably than Crimea, that there's just — or what can we do?

CARA ABERCROMBIE: Thanks for the easy question.

MR. BLUMENTHAL: Yeah.

MS. ABERCROMBIE: Before I speak, I do have — I am obliged to tell you that I'm speaking on my personal capacity, representing the Carnegie Endowment, and not the US government. These are my —

MR. BLUMENTHAL: That's why I didn't ask about tariffs.

MS. ABERCROMBIE: — own. I would love to comment on that because I've never worked on tariffs personally.

Look, I think it's evident that there's no going back to before, right? China effectively changed the facts on the ground. But to your question: Is it over? What's changed is that they have expanded reefs. They've conducted incredible environmental damage, and they have militarized these features. That is a fact. And they are, as Randy pointed out, challenging ships that are passing by and planes that are flying overhead. So they are now — this is a daily occurrence.

So that's all changed, but in terms of what we want, what our interest is in the South China Sea, which is the free flow of commerce, the ability for our military to transit peacefully, the ability for states to operate and make decisions free from coercion, that hasn't necessarily changed. And this is where, I hate to sound Pollyannaish, but I think it's a fact. Upholding the rules-based order of the international norms that is being widely debated right now, frankly, in the think tank world and in academia — you know, West liberal-based order and ever so liberal and really international, but effectively —

MR. BLUMENTHAL: It's time for you to go back to DOD.

MS. ABERCROMBIE: I know. I'm sucked into academia. No, but it's served our interest, and it served the interest of the countries in the region. It has provided peace and stability and prosperity for seven years. It's a good thing. And so now it's the time for not just the United States to be standing up and championing these roles, but also our partners and allies and like-minded countries in the region.

So to Randy's point, the US maintains a daily presence operationally in the South China Sea. We are seeing more of our partners and allies transiting and conducting presence operations. That is important in pushing back to any declaration that this is one country's territory.

MR. BLUMENTHAL: In terms of — with your vast government experience, in terms of operationalizing some of these issues involving maritime capacity building — Randy mentioned Joint Maritime Domain Awareness — how would you prioritize? How are these things actually actualized? There's the funding of money, yeah, obviously, but how are these things actually actualized in some of these very weak countries?

MS. ABERCROMBIE: Yeah. Certainly, the easiest thing for us to do is just direct the US ships unilaterally, conduct presence operations. That's very easy for us to do. We're just limited by requirements elsewhere, but in terms of really working with the countries in the region, this is where decades of partnering quietly to build relationships with countries, especially the maritime littorals in the region, haze off. We can have conversations with them about the importance of maritime domain awareness. We can show by example what it means to have a common operating picture.

And so what we've been prioritizing now, and I — there are folks in the audience who worked on this directly. I can see them — is helping do an assessment, not just from a bilateral standpoint, what does each country need, but really holistically, looking at the region as a whole, what would you need holistically to create for the maritime countries a common operating picture. And so it's making sure that if we're providing radars or ships with sensors that

they can talk to each other. This, frankly, is not easy, even in the US government, making sure that all of our different security cooperation offices are working well. But that's what we've been doing, and you've seen that effectively been building up over the past three years.

MR. BLUMENTHAL: Some of these countries really cannot see in their 12 nautical miles, right, or control anything in their exclusive economic zone. In let's say three years, do you see our ability to help them at least build those capacities in Vietnam and the maritime countries, Malaysia, Indonesia, Philippines?

MS. ABERCROMBIE: Absolutely, we're seeing improvement on a bilateral basis, independently with the Coast Guard Center in the Philippines. We're working with Vietnam to improve some of our Coast Guard functions, although their maritime — their EEZ is very, very long. So they've got a lot of work to do. I think that the harder piece will be the networking them together.

The other hard piece that, frankly, is a challenge for us and for the countries in the region is who owns maritime domain awareness from a bureaucratic standpoint in each of these capitals. Is it the Coast Guard? Is it the Navy? Is it another civilian organization, and do they talk to each other? And so this has been sort of a learning process for everyone involved, but when, again, with relationships on the ground pay off.

MR. BLUMENTHAL: Yeah, I think that's so important because oftentimes I think people look at Asia and they think NATO, right? And it's so far from even being able to, as you say, know who to talk to, to build out the ability to have a coast guard, right? Walter, we're going to take — question time.

MR. LOHMAN: Yeah.

MR. BLUMENTHAL: OK. Walter, this proposal that Mike has — and Cara, you can comment on this too — that the US should be more diplomatically creative and proactive and set up, without taking aside the ASEAN centrality, set up some sort of maritime claimant caucus that actually offers them US good offices to set their own dispute, to resolve their own disputes. Do you think that's workable? Do you think we can get those countries together on the sidelines of one of these meetings?

MR. LOHMAN: Probably not, only because, one, they had the capacity to do that already among themselves. But the other reason is because they will not respond well to an approach that is separate from the Chinese.

I think in terms of diplomatic creativity, where we could do more is in interpretation of our treaty commitments, say, in the case of the Philippines, applying those commitments specifically and explicitly to Philippine occupied territory in the Spratlys, for example. So that's not saying all the Philippine claims; it is not making a judgment on the Philippine claims. It's just saying, where the Philippines are actually now, where they have forces, where they have people, a move on those islands would evoke best security commitments.

Things like that, where we could be unilaterally or bilaterally more active on the diplomatic front I think would be very valuable, but I don't think we'd have much of a chance of convening a group without the Chinese of all —

MR. BLUMENTHAL: It was actually Secretary Clinton, in 2010, who first offered the good offices in the United States to resolve disputes, and I guess no one took them up on the offer. But one thing — and Cara, you can comment too, you were obviously in government at the time — one thing that's been striking is we had this Hague Tribunal ruling, and not a single Southeast Asian nation stood up and said would stand with the Philippines. Nor were we proactive afterward in trying to do what we normally do in other parts of the world, which is hammer out communiqués that say, “Well, the ruling's done. Can we all sign up to some sort of communiqué that we support the ruling?”

MS. ABERCROMBIE: We came out immediately with a strong statement, as did a number of countries. I was in government at the time. The outlier was the Philippines because they just had a change in government. And I think that was a surprise to almost everyone who've been watching this so closely. And certainly amongst the other claimants within ASEAN there was a sense that, “Well, we can't get out ahead of the plaintiff in this case. If the Philippines isn't standing up and championing, how do you expect us to come out and stick our necks out, frankly, if the Philippines isn't going to stand for it?”

So as a result, you had sort of the ASEAN Plus countries commenting on this in various fora, whether it was the Australians or the United States or the Japanese, but you didn't see the ASEAN claimants themselves standing up any further.

MR. LOHMAN: One thing to point out there, I think from our perspective, since we're so focused on South China Sea, and for good reasons because the United States has a major interest there, which is freedom of navigation and freedom of seas generally, I think we lose sight on how much Southeast Asia really cares about this.

MR. BLUMENTHAL: About freedom of navigation.

MR. LOHMAN: So half of them — well, no, care about the disputes generally. Half of them are in the group that cares. Half of them are in the group that really doesn't care at all. The claimants care, then you have to bring down the claimants and how much each of them care. For all of them — and Philippines is a perfect case in point at this time. They're not willing to sacrifice a relationship with China for this. It's not the major issue for them in the region or in relations with China.

MR. BLUMENTHAL: Let me clarify a point. So you're saying that Philippines and perhaps some of the other claimant nations are willing to sacrifice maritime territory and rights?

Cara, go ahead. Let Walter gather his —

MS. ABERCROMBIE: No, I think the Philippines has actually sort of navigated this merrily saying no. They will not sacrifice territory and certainly the access to resources is the number one interest right now, whether it's fishing resources or hydrocarbons. So as long as they feel they've worked out an arrangement where their rights are not being infringed upon, why push the diplomatic win?

MR. BLUMENTHAL: I see.

MS. ABERCROMBIE: If they can extract — if they can derive other benefits.

MR. BLUMENTHAL: So you can get that from China. You can get that from China.

MR. LOHMAN: Right, right, and so — yeah, I agree, and so why press the actual territorial issue if you can manage it in a way —

MR. BLUMENTHAL: You're still having the rights.

MR. LOHMAN: Yeah. Maintain your rights and maintain your relationship with the Chinese at the same time.

MR. BLUMENTHAL: Anything I left out, before we open up to questions?

MS. ABERCROMBIE: My one little comment, though —

MR. BLUMENTHAL: Yeah, please.

MS. ABERCROMBIE: — is I think we have been focused on the South China Sea rightly because it has been the news story. But I think in terms of a United States strategy for Southeast Asia, the focus really has to be on trade and the economics, and frankly, the diplomatic outreach. I wouldn't recommend very many changes to what we're doing in the security space.

MR. BLUMENTHAL: Right, OK, interesting. OK, let's open it up. Remember that rule we had? I demonstrated it. Over here, sir. Yeah, microphone. One question please because I think we have a much —

Q: Steve Winters, independent consultant. Although the Asian economic crisis was 20 years ago, and of course, the crisis here to '08, '09 is still in the memory of a lot of the Southeast Asian countries. And has this led, as I've heard, to an inclination on their part to not totally depend on so-called Western norms and so forth and so on and to look to China, for example, as someone who might be able to give them a stability they didn't find in the Western economic system?

MR. BLUMENTHAL: Is there a China model over there?

MR. LOHMAN: Well, on the economic side, absolutely. It still echoes the US response, and the Chinese — the help that the Chinese provided, not in terms of — so much in terms of funds, but in terms of not devaluating the yuan at the time. And you can see the same, a little bit the same sort of dynamic now. So, yeah, there's an echo of it, and there's also it playing out again in that, with the US having no effective trade policy to the region, the Chinese are able to stand in as the provider of economic benefit to the region. And — despite the fact that they, as we talked about, don't offer as much as the US or Japan, for that matter, in a lot of ways, they're able to use it very effectively diplomatically.

MR. MAZZA: Yeah, I would just — I would add to that that I think this is one reason that — Randy used some, I thought, very strong and very sort of clearly stated words that the US offers partnership, rather than domination, which is what China offers. And I think that there's — I think, in Southeast Asia, folks approach that choice with open eyes. It's just that in some of the cases leadership doesn't mind choosing domination because they benefited from it personally at home. But if we sort of harp on that case, it's one that is a winner, I think, in much of the region.

MR. BLUMENTHAL: I'd also comment that with China's economy really headed toward deep trouble, deep, deep trouble over a long period of time, I think, it'll be less interactive. At the back, Russell.

Q: Thank you. Russell Hsiao, with the Global Taiwan Institute. And a wonderful report, Mike. It's — I really can't wait to dig into all the details of this.

I'd like to push the panelists, however, to focus a little bit more on the good governance aspect of the free and open Indo-Pacific, and especially because I think what I heard from Mike and Walter is that your suggestion is that the US approach to governance issue should be — or democracy promotion, not used interchangeably, but for another word — should be selective and case by case. And it seems to be that that is sort of the inconsistent application of democracy promotion. It's one of the troubles in terms of — really being — having a robust policy toward Asia, which supports democracy and human rights issues.

And correct me if I'm wrong, but what are your thoughts then in that context of the need and perhaps the urgency now, especially in the context of the rise of authoritarian revisionist powers like China and Russia, for a league of democracy, for a coalition of democratic governments? Not necessarily to promote democratization and authoritarian governments perspective per se, but to protect against the threats of authoritarian influence operations in democracies, where we're seeing the corrosion or erosion of democratic rights and freedoms. Maybe some thoughts on that in terms of how we can really sort of put some meat on the free aspect of the free and open Indo-Pacific. Thank you.

MR. MAZZA: Thanks, Russell. So, look, I think, first of all, US democracy promotion efforts have never been quite consistent across the board, but when you look at Southeast Asia in particular, there's just a great diversity, right, in where a state stands. So you have countries like Indonesia and the Philippines, which are maturing democracies. Certainly, there's challenges, but things have been moving in the right direction over a long period

of time. And then you have places like Vietnam and Laos and places like Burma, where we're seeing ethnic cleansing.

So, of course, we need specific approaches for — different approaches for different countries. I think what I'm getting at is when you take a place like Vietnam, who we obviously want to have a much deeper security partnership with, if we are making democratization our number one priority in that relationship, we're not going to take it where it wants to go. In fact, I would argue that deepening the relationship in other ways gives us more leverage going forward.

That's not to say that we don't speak up for dissidents, we don't protest when Vietnam engages in human rights abuses. We do, but again, it's a tailored approach for the country at hand. Places like Indonesia and the Philippines will be much more open to our assistance with democratic consolidation.

MR. BLUMENTHAL: Walter, let me put out a proposition, and Cara, you can answer as well, obviously, not if you don't want to. We are free and open, of course, up here. So the question, we're at AEI, Jeane Kirkpatrick, "Dictatorships and Double Standards," I think there's some truth to that in 1979–1980. My read on Asian democratization, it — democracy promotion's got a bad name because of Iraq and the Arab Spring, but it was hugely successful in Asia in the '80s and the '90s, right?

And so my read was we had leverage first over these countries that democratized. We had leverage over — security leverage over South Korea, Taiwan, the Philippines, who don't needed us because of the security threat and were able, after embracing and building trust, to press them. Is that — do you agree with that read, or?

MR. LOHMAN: Absolutely. It's a big contrast with today when you look at Cambodia and Burma, for example, where the Chinese have more leverage than we do. They can stand in, and they can provide a buffer for when the US presses these concerns, and it's — you can see it on the ground in both countries.

MR. BLUMENTHAL: Build leverage first?

MS. ABERCROMBIE: I think putting a democracy agenda first is not going to help us right now, even though it has been an important part and should continue to be an important part of US foreign policy. But making it the number one priority I think is counterproductive.

MR. MAZZA: If I can just — Russell, to your point of the need of a league of democracies, we're seeing that a bit in the reemergence of the quad, right? I think it matters immensely that all four of these countries are mature, robust democratic states. And so we're seeing that going forward. Where the quad goes, I think is an open question at this point, but the United States is always going to be more comfortable partnering with and cooperating with other democracies for a whole variety of reasons, which I think we're all familiar with.

MR. BLUMENTHAL: In the back, sir. Exercise for the microphone.

Q: Yeah. Ken Meyercord, I produce the TV show “Civil Discord.” The United States claims to abide by the UN Convention of the Law of the Seas, even though we haven’t ratified it. One of the positive things that came out of the Permanent Court of Arbitration ruling on the Philippines dispute was they more clearly defined what’s an island entitled to EEZ and what’s just a rock that does not merit the EEZ. You think it would have a positive influence on claimants in the future in the South and East China Sea if we set a good example by relinquishing the EEZs we claim around the Hawaii and Outer Island Chain, most of which would be classed as rocks through the Court of Arbitration ruling?

MR. BLUMENTHAL: A question for Cara. (Laughter.)

MS. ABERCROMBIE: I am not a lawyer. It is a good question, and I think it’s an academic and intellectually interesting question. I don’t think it would have any bearing on the claimants in the South China Sea. I do think the PCA finding, which is that none of the features in the South China Sea get any easy should help spur a decision, a resolution on the territorial dispute because you’re not disputing as much. You don’t get EEZ with your rock, even if you’ve reclaimed it. So —

MR. LOHMAN: Yeah, I’d also point out that that positive example setting approach has never worked with the Chinese. So we’ve been saying for decades, “Well, you can be in our EEZ, and we don’t complain.” And they said, “OK, great, well, stay out of ours.”

MR. BLUMENTHAL: Right.

MR. LOHMAN: So it never works. I don’t think they generally —

MR. BLUMENTHAL: Which is really happening.

MR. LOHMAN: — acknowledging the equivalence there.

MR. BLUMENTHAL: Which is happening increasingly and obviously we’ve tolerated lawfully, the Russian activity in our EEZ since the Soviet times.

Yes, Rachel.

Q: Thank you, Rachel Burton, the Project 2049 Institute. I wanted to push a little bit on the comment that was made that democracy, quote-unquote “democracy” should not be the leading edge of US strategy in the region. And I kind of want to ask the entire panel what — how would you define democracy? Because there’s a lot of different components to it. There is a civil society component, the human people component of it that I think is — and the trade portion of it. There’s governance. There’s rule of law, accountability, so there’s a lot to the word “democracy.” And I’m worried that that kind of comment, kind of inherently takes out the wind of what Mike’s report is trying to say, of these three pillars that should drive US strategy in Southeast Asia. So how would you guys all define, quote-unquote “democracy”?

MR. BLUMENTHAL: That's a tough one. Well, I'll go first. The Asian democratization process has led, obviously, in Taiwan and South Korea, and in the Philippines, and in Indonesia to multi-parties, to more protection for individual rights, however imperfect, for people to have choices in who they vote for, and just the basic concept of promoting the rule of law and basic human dignity. And I think, as we saw throughout the Cold War, there's going to be different gradations of authoritarian governments as well, and that was the point that I think Walter was trying to make about you treat Thailand, which is not really — it's a military government, but it's not really abusive in the same sense that either Cambodia or Burma is of peoples' basic rights, and you think differently in your statecraft about that.

MR. LOHMAN: It's interesting that once you sort of throw all those elements in — accountability and elections and rule of law and everything else — and you mix them up and re-assemble them, you could also come out with surprising answers. For instance, how about Singapore? OK, now, none of us would really call Singapore a democracy, but in terms of accountability, more accountable than most other governments in the region, in terms of rule of law. In terms of liberal freedoms in some ways, they fundamentally just don't have a chance to change the government. Philippines, you have a chance of changing the government, but you don't have many of those other things. So, I don't know, it's something to think through a little bit, a little bit more, but it's an important question.

MR. BLUMENTHAL: Last — oh, sorry, you go ahead.

MS. ABERCROMBIE: No, it's OK. I just stand the fact that I was a democracy promoter in my first job after college.

MR. BLUMENTHAL: All right.

MS. ABERCROMBIE: So — (laughs).

MR. BLUMENTHAL: We're all young and — (laughter). The lightning round. So two questions for each of you, or let's just say two last comments. What are the two big things — I asked Randy what would success be. Let's say, at the end of one term of this administration you say, "Wow, we succeeded." Everybody's done some of those things. Mike.

MR. MAZZA: I think if we're truly successful at the end of this term, what we see, I think, in the South China Sea, I think we see China more or less adopting the freeze. So we see a halt to further military deployments and a halt to challenges of ships and aircraft operating in what we consider to be, what most of the world considers to be international waters. Number two, if there's one free trade agreement by the end of this term, I'll be a happy man.

MR. BLUMENTHAL: Just a free trade agreement?

MR. MAZZA: Yeah, that's it. (Laughter.)

MR. LOHMAN: I would agree with the free trade agreement. One free trade agreement from this administration that is WTO compliant and can pass Congress, especially one that may be half Democrat for the next two years, would be an enormous accomplishment. So I think that's probably a good thing. On the sort of upside, on the stretching, stretch goal sort of thing, it would be to reengage in a TPP-like process, something that's more multi-lateral and something that we can count on more broadly in the region.

MR. BLUMENTHAL: Thanks, and by the way, I was joking about being young and a democracy supporter. I'm old and I'm democracy supporter. But Cara, go ahead, two things.

MS. ABERCROMBIE: One thing is on my mind. I'll say that last. I think the first thing is seeing even greater cooperation and collaboration amongst the like-minded, if you will, the partners cooperating together in the security space. US with India, Australia, Japan, South Korea, with Southeast Asian partners and Southeast Asia coordinating everything from capacity building to presence operations.

And if the news reports are right about the current draft text for the code of conduct in the South China Sea, that there is — they do not — China does not succeed in putting in language that would prevent countries from exercising with the US without the consensus vote of everyone else in the code of conducts.

MR. LOHMAN: Wow.

MR. BLUMENTHAL: The FTA is sort of a maximalist. The code of conduct keeping us from exercising, sort of a minimalist.

But great panel, thank you all very much. And I'm sure there — we'll take some of the questions I couldn't get to offline. So let's give a round of applause to Mike, and — (Applause.)

(END)