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THE FIGHT FOR GEOPOLITICAL SUPREMACY IN THE ASIA PACIFIC

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THE FIGHT FOR GEOPOLITICAL SUPREMACY
IN THE ASIA PACIFIC

(11:30 a.m.)

MS. LARSEN: Good morning. My name is Amy Larsen and I am a graduate student at the Harvard Kennedy School of Government and NYU Law. I'm also honored to be a 2016 Aspen Security Forum Scholar. I'm particularly excited to introduce our next panel, "The Fight for Geopolitical Supremacy in the Asia Pacific." As I have lived and worked in Asia for several years and find the region's challenges and opportunities fascinating.

Will China's economic slowdown, signs of political instability and western military pushback give China pause or will it double down in the race for regional hegemony. What is and what should be the role of other regional actors? Is a fight for geopolitical supremacy inevitable or might there be a less contentious vision for geopolitical balance in the Asia-Pacific?

Moderating this session and surely helping us to solve all of these questions is Gordon Lubold, who is well up to the task. Gordon has covered the military and national security for more than 15 years and is now the Pentagon Reporter for *The Wall Street Journal*.

Prior to this position, he launched and authored three different national security newspapers, including the Situation Report, which is read by a 150,000 readers each morning. That would be all of us and whoever else is watching on live stream. He has covered conflicts in Iraq, Afghanistan and Pakistan and has reported on military matters in Africa, Latin America and Asia.

The floor is yours, Gordon.

MR. LUBOLD: Thanks so much. Great to be here.

(Applause)

MR. LUBOLD: So as we -- and I'm glad everybody is here. I think the mountain trails begin to back in for

a lot of people, but it's great to have everybody here. I think as we kind of start to wrap-up the forum the last few days all these great conversations, we would be remiss if we did not talk about the U.S.-China relationship broadly. You know, say what you will about the Asia pivot or if I'm being politically correct, the rebalance, I think the events of the last year or so reinforced the importance of this region. I think the gentleman to my right would both probably have long since agreed with that anyway.

It's -- you know, we've got the rising threat from North Korea. We have a rising military in China. We have various issues at play. I think, you know, when you talk about U.S.-China the elephant in the room is going to be for now this dispute that we've all heard about in the South China Sea, especially with the ruling earlier this month from the Hague.

So, what I'm hoping to do today is just kind of briefly in the brief time we have is talk broadly about this relationship or perhaps kind of peg it -- peg the discussion a little bit to some of these issues surrounding South China Sea, but also keep it broad, because I think those of us in the media, some in Congress, even policymakers look at the South China Sea dispute maybe sometimes too closely, don't see the bigger picture, and I think these guys will both help us understand the broader issue.

So, I'm going to have them speak -- by the way I took some notes on my phone. I'm not checking my e-mail as we go, but I want to introduce both of these two gentlemen briefly. To my far right, Ambassador Shear was recently appointed to the Secretary of Defense to perform the duties of the Principal Deputy Under Secretary of Defense. Congratulations -- after his stint as the Assistant Secretary of Defense for Asian and Pacific Security Affairs. A true diplomat, who has served throughout Asia, his last State Department assignment was Ambassador to Vietnam. He is a first degree rank in Kendo, something I didn't know until I saw this bio, and he speaks Japanese, Chinese and intermediate Pentagon.

(Laughter)

MR. LUBOLD: We'll look for some deciphering there.

Jonathan Pollack is the interim SK-Korea Foundation Chair in Korea Studies in the Center for East Asia Policy Studies and Senior Fellow in the John Thornton China Center at Brookings, a specialist on East Asian international politics and security. He has published extensively on Chinese political military strategy, the political and security dynamics at the Korean peninsula, U.S.-China relations and U.S. strategy and policy in Asia and the Pacific. Thank you both gentlemen for being here today.

So with that, Ambassador Shear, why don't you just jump in and give us a little -- issue of where you sitting and how do you see the world and we'll get through it?

MR. SHEAR: Sure. Thank you very much Gordon. Let me start by addressing the topic of this panel, which is the fight for geopolitical supremacy in East Asia. And I have to say that as a diplomat with a lot of experience in East Asia I've had to approach the region with a bit more nuance throughout my career. It's an extraordinarily complicated region and our relationship with China is extraordinarily complicated. We have a relationship that is defined by both cooperative and competitive elements with China. We cooperate where we have common interests as with climate change and Iran for example, and we work with the Chinese in very candid and sometimes difficult ways in areas where we disagree, and all of those elements of the relationship have been on display recently. Most prominently during National Security Advisor Rice's visit to Beijing where she worked with the Chinese to prepare for the upcoming G20 summit in China. She met with President Xi, with State Councilor Yang Jiechi and a variety of other senior Chinese officials, including the Vice Chairman of the Military Commission, Fan Changlong.

So, her discussions with the Chinese covered the whole range of topics from where we cooperate in climate

change and the global financial system to where we disagree on the South China Sea. She had an extremely candid discussion with her Chinese counterparts on the South China Sea, as well as on the issues like our deployment of the THAAD ballistic missile defense battery to South Korea.

So, this is an extraordinary complicated region. We approach it implementing the most vigorous diplomacy we can and that's the diplomacy that's backed by our very very capable military forces throughout the region, and that's what you've seen in connection with our approach to the South China Sea since last year. A very vigorous strong diplomacy backed by operations of the 7th Fleet in particular throughout the South China Sea and the region as a whole.

And all of this we put in the context of the rebalance, which is an effort to ensure that East Asia gets the kind of attention, the kind of resources this growing and important region deserves, and in the Department of Defense that means ensuring that we have the right posture throughout the region, that we have the right level of forces, that they are arrayed in a resilient way and a politically sustainable way and that they are used in ways not only that deter aggression and adventurism, but reassure our allies, support our diplomacy and in the case of the South China Sea encourage restraint among the claimants.

Why don't I stop there?

MR. POLLACK: I think David has given a very very good introduction to the way the United States tries to shape its policy here. I think it's important at the outset -- David unfortunately only arrived late last night so he hasn't been here for our discussions over the last two or three days which has gone from one grim domain to another, both geopolitical, cyber terrorist, you name it we've covered it. So, when I look at the world and if I look at locations of strategic consequence, in a relative sense East Asia looks much better than anything else. You know -- and we'd like to keep it that way.

So, the question is this obviously, what does this require of us? What does it require of others including China, but being mindful, this morning when I was thinking about this that if I could quote Mark Twain when he talked Wagner's music, "that it's not as bad as it sounds."

(Laughter)

MR. POLLACK: So with that -- because let's recognize that this extraordinarily diverse region many of the countries of this region have sustained economic advancement, almost unparalleled in human history. There is in a number of societies much more openness about governance and like, not across the board by any means. A lot of issues are raised here about China understandably so given the kind of long-term strategy that administration after administration has pursued.

I might note although it's not I suspect a major theme of our discussions this morning, but I would be remiss if I did not notice that as we look at the rebalance policy, it presumably is a three legged stool. It's security related, it's political related and it's economics related, but right now the Trans-Pacific Partnership is in some genuine jeopardy and if this is to be the way in which impart the United States was trying to formulate and pursue a strategy for the longer term about the conditions that would govern commerce and investment this -- the question now that emerges is what happens if in fact this kind of move that has been created in the presidential campaign persists into 2017 and beyond. So, with that as opening comments I'll stop.

MR. LUBOLD: Got it. Great. So, I have a few questions, but I would say to all of you, I really do want this to be a conversation. Often your questions are better than mine. So, I have a few questions and then I'm going to get -- we'll kind of go back and forth here a little bit, but one thing which again the elephant in the room is this ruling that hope you could both speak to.

July 12th, from The Hague, which I think surprised some people in its kind of sweeping indictment

of China's activities, maybe more or so than anybody else can even expect it. It sounds like we're in kind of a period of quite, but as I was saying earlier somebody said to me this morning, I don't -- don't be -- don't think that this means that China has made some kind of fundamental decision.

Anyway kind of -- my basic question is what now the ruling? And -- David you want to take that first?

MR. SHEAR: Sure. What the ruling really was extraordinary and it did four things; first of all it ruled that the Chinese nine-dash claim is not consistent with the law of the sea. The second thing it did was that it declared or it judged that the features in the South China Sea at most generate only 12 nautical mile territorial zones. The third thing it did was rule that the Chinese have infringed on Philippine rights by interfering with Philippine fishing activities. And the fourth thing it did was that the ruled -- it ruled that the Chinese were in violation of their obligations under the law of the sea in damaging -- in committing the environmental damage that they committed when they reclaimed territory on those South China Sea features.

This was a broad very deep and conclusive ruling in favor of the Philippine case. The Chinese reaction initially was very sharp. It followed along the lines they had been using since the case was first filed with the Law of the Sea Tribunal. The Chinese in their actions, however, I think have been relatively dialed down. They have been relatively moderate in their interactions with us. They have been moderate in seeking diplomatic interaction with Philippines and I think generally they've showed restraint on the water around the South China Sea features.

So -- and these are all activities that we encouraged throughout the year, both within our engagements with the Chinese, but also with our engagements with the ASEAN claimants. We engaged in a pretty determined -- we implemented a pretty determined diplomatic strategy beginning early this year in which -- which was looking toward the tribunal decision in which we

encouraged the claimants to take the decision and use it first as a way of delimiting their claims and better defining their claims, and secondly as an opportunity to conduct some constructive diplomacy with regard to the South China Sea not raise tensions.

And I think in the overall reaction of the claimants, as well as the reactions of the Chinese and the Philippines what we're seeing is the start -- what could be the start of some constructive diplomacy in the region. Of course we're going to watch it very, very carefully and we're going to keep our forces in the region. As I said earlier, to continue to deter adventurism, to continue to reassure, particularly our ally, the Philippines and to encourage restraints on the part of all the players in the region.

MR. POLLACK: If I -- I think David again has very, very aptly described where things are. At a minimum we are at a moment of pause and the question would be does this reflect in any meaningful sense a degree of reassessment or lessons learned on the part of the Chinese, because there's no doubt that the ruling in the Hague was extraordinary in its scope and its sweep.

Now, some of you are probably wondering what this infamous nine-dash line is or is not. Interestingly enough the Chinese have never told us. The nine-dash line derives originally from an 11-dash line formed by a cartographer under the Republic of China, and that is when the Chinese nationalists ruled the Mainland in 1947, but now they've adopted this as their own with some slight modifications that if anything extends that out a little farther. But there has always been this ambiguity which frankly maybe one of the reasons why the Chinese from the first time that the Philippines filed the case in 2013 just refused to have anything to do with it and claimed at least in their declarations now that they will continue to not recognize it.

If there's good news in this story though it's that -- and let me -- I should've noted that originally Ambassador Cui Tiankai was to be with us today. He went to China actually, I guess with Susan Rice and I guess is

still in Beijing at this point. If he were here and let me just suggest and it's not an advertisement forum, but if you are curious about how an informed Chinese describes the ruling and its aftermath, Ambassador Cui gave a very forceful speech at the Center for Strategic and International Studies -- I think the day or the day after the ruling and that will impart a flavor of how China is reacting and responding, but what has not happened at this point are a lot of the worse case assessments that are being offered or proposed, some by strategists abroad some suggested in the Chinese blogosphere and so forth. They run the gamut from China should withdraw from the UN Convention on the Law of the Sea. China should declare and Air Defense Identification Zone. China should declare straight baselines in these islands; the Spratlys or Nanshas as they're called in Chinese, and even extend out and do other forms of punishment.

None of this has happened and it does suggest that at one level at least beyond all the fierce words of denunciation of the agreement the Chinese are not immune to a certain level of reason and judgment. Some of this may be related to the fact that China will host the G20 in Nanjing in early September. That's a big deal for President Xi Jinping. Presumably, he would like it to be as orderly as possible and that maybe one factor that inhibits them for now. But over the longer run it raises the whole issue of whether China is prepared to live and cooperate fully in a world where some things don't go the way they want them to go, and it's a very big question about China -- not only China's relations with its neighbors, but also China's broader support for what we call international order as a whole. Maybe we can come back to this in subsequent discussions.

MR. LUBOLD: So I'd just come back to what the U.S. kind of reaction probably should best be. Again, I know that the media, myself included, sometimes fixate on this idea of FONOPs. For those of you don't necessary track, I had to asked a FONOP question. FONOPs are freedom of navigation operations that the U.S. does around the world. They are particularly interesting in this region now, but my kind of question is you know to FONOP or not to FONOP now? What are the risks of provocation,

especially given this kind of pause? What is the risk of not doing anything and not sending -- and sending maybe a different message? Again David?

MR. SHEAR: Sure. Sure, just to --

MR. LUBOLD: And by the way I just want to say, if I can get through this -- this panel, I will win as a moderator if we avoid the frequent talking point of what is -- sail navigate or now I am going to scream.

MR. SHEAR: I'm getting there.

MR. LUBOLD: I know, right. I knew he would get it. So, anyway go ahead.

MR. SHEAR: Just to remind you --

MR. LUBOLD: Yeah.

MR. SHEAR: Well, just to further define freedom of navigation operations, these are our operations that the U.S. Navy conducts not only in East Asia, but globally and they're designed to demonstrate our commitment to freedom of navigation as well as to challenge excessive maritime claims made by other countries. So you'll -- in a naval FONOP you'll see a U.S. warship basically challenging excessive maritime claims, sometimes by going through a 12 mile -- acclaimed 12 mile territorial zone. And we have conducted FONOPs quite regularly in the South China Sea on features claimed not only by China, but by other claimants as well, and these FONOPs have become the focus of a lot of public attention, and when and where we're going to do them next have become the focus of a lot of attention.

And in that regard, I'd like to say that as Secretary Carter has said, we will fly, sail and operate wherever international law allows and that's what we're going to continue doing in the South China Sea, but these FONOPs are really only one part of a much larger effort to increase our presence in the South China Sea, to increase our operational tempo in the South China Sea, again to deter adventurism, to reassure our allies, and to urge

restraint on the other claimants, and I think our efforts in this regard have been fairly successful.

In addition to the FONOPs we've done in the region, people in the region could not help but take note that we add an aircraft carrier strike group in the South China Sea, almost continuously from February through just -- until just recently, and in the May-June time frame we had two carrier strike groups in the South China Sea. When the Secretary Carter visited the Philippines in April, he took then Defense Secretary Gazmin out to the USS John Stennis for a carrier embark when it was doing flight operations in the South China Sea. So, in addition to freedom of navigation operations, our overall presence operations had sent a very strong signal about the strength of American commitment and our interest in continued stability, even in connection with this tribunal decision.

MR. POLLACK: My concern is that even as the United States calls for restraint on China's part whether the United States also is prepared to undertake a measure of constraint, and my concern specifically is that these operations are as David has just noted they -- we do them routinely. So if we do them routinely why does this require the bells and whistles approach here where the Secretary of Defense in a very, very visible way is on the carrier? It's not as if the Chinese aren't going to not fail to notice that there's a carrier in these waters. I don't want to suggest it's the equivalent of doing a touchdown dance in the end zone --

(Laughter)

MR. POLLACK: -- but, you know I would favor to use another athletic metaphor, but just it should be my key strategy, just do it. Don't lather it up -- I mean having established this, having seen the ruling in the Hague, which clearly the United States has strongly endorsed that this in my view would be much more sufficient, because if the intention is to, as David said, deter the Chinese from doing other things that might be the case that it might be succeeded in that respect, but let's also recognize that there's a lot of divided council

in China and a presence and a posture that at least as I might see it, looks a bit excessive or a bit too demonstrative may in fact validate the views of some of exactly those people in China that you don't want to validate. That's a very subtle combination, because it's a reminder it's not only decisions that China takes but how China evaluates and perceives what we do.

So it's really an argument here for being careful about how we proceed. We can be unequivocal in our judgments. Let's also recognize by the way that -- and I'm not going to repeat those magic words, because they don't come trippingly off my tongue. I guess when you work in the five sided big building you get that's the test, you have to be able to say them very, very -- right off your tongue.

MR. LUBOLD: I felt.

MR. POLLACK: But the Chinese object to other aspects of this. Beyond the question of freedom of navigation that, you know, the Chinese insist there is no threat to the freedom of navigation. China is the world's biggest trading state. The argument would be China -- the last thing China would want to do is impede any kind of commercial operations and so forth, where the Chinese draw their own line or they state their own objections is a lot of these are nearing -- not the carrier as such, but some of these operations are very, very nearing, they're there for surveillance activities, intelligence gathering activities.

I remember very specifically that on one of these operations where Admiral Harris, Head of Pacific Command, took a CNN crew in on in a U.S. P8 aircraft. I demur from that. I mean, I just don't get it. What is accomplished by hyping all of this? But then that feeds the narrative but the narrative can come back and under some circumstances bite you in ways that you might not like.

MR. LUBOLD: I want to get to the audience, but one kind of policy political question, Jonathan you've mentioned that G20 is coming up, the Chinese have a heavy

interest in having this to be a successful event and maybe it will be -- maybe that will mute their reaction for now, but they're also keenly aware of our own American political transition. Both of you -- either can jump in, but what should the -- what can or should the U.S. signal be to the Chinese now to say, you know, we got it. We're going through a transition. There's a perfect opportunity for the Chinese to maybe stir the pot a little bit, but it's all the more important that perhaps they don't. I mean is there a way to communicate that effectively and get them to understand that?

MR. SHEAR: Well, I think President Obama in his interactions with the Chinese as well as National Security Advisor Rice have both made it very clear that they want a successful G20, and that management of all of the issues between us, including the hard ones between now and then, will be one element that goes into a successful G20. So, we've been making that very clear to the Chinese.

MR. POLLACK: I think if I could -- I mean I think part of it is what we are able to convey authoritatively on a private basis. I had a discussion not so long ago with a very, very distinguished now retired Chinese diplomat. I'm not going to name his name, but he pointed out to me -- he says the danger in a lot of diplomacy -- and lot of this really is diplomatic -- is the locking effect of words. When states have declared this or that, they can't retract the words, number one, and they feel that for the credibility of their stance, they can't pull back from this right. The argument he was making is that when -- and again he's defending China understandably. He is saying, "when you the United States do X, Y and Z, we are then completed to respond."

Now, that's a little too easy, but I understand his point. So much of what is going on here reflects -- and I'm not trying to take this back and sort of say, where is the regional seiner (phonetic)? But so much of this reflects the fact that China today, now, has invested major resources in becoming a much more consequential military power. It has the ability for the first time in its post-1949 history to extend that power outward from the mainland of China. They're still pretty new at this.

We'd hope that this could be done in a way that does not put peace at risk, but in part it's these growing pains if you will, as China resumes what it sees as its rightful and legitimate place as a global power, a regional power first and then ultimately a global power.

We know they have global reach in terms of their economic performance in all kinds of ways, but this is now something that directly confronts us and China with how do you establish rules of the road under circumstances where China now also has capacities which they didn't have before. The ones who feel this first obviously are China's neighbors and you know China over the last few years given a lot of its conduct in the South China Sea they have kicked the ball into their own goal repeatedly, and maybe we shouldn't say but let them kick the ball into their own goal, but you know the question is whether or not by what we do credibly, consistently and privately to convey your real concerns, the real issues that you have, and I think we have done that is really the most important element in effect don't get the megaphone out too much in public way, but make sure that they grasp this in a very private way.

MR. LUBOLD: Great. I have other questions, but I want to open it up here and maybe come back. So microphones I guess. I saw a man in the red shirt, first.

MR. RICHARDS: Charlie Richards from Delaware. My question is how do we persuade or is a better word -- or pressure China to be more help to us with respect to North Korea? North Korea seems to be a very serious threat and it's said that China could, but hasn't yet been persuaded to do much with respect to restrain the North Koreans. What should our policy be? What should we be saying or doing to China to get them to be more active?

MR. LUBOLD: Great question.

MR. SHEAR: If I may.

MR. POLLACK: Yeah.

MR. SHEAR: Well, our general approach to North

Korea is characterized by a diplomatic approach, as well as the application of pressure. We're certainly willing to engage the North Koreans in a diplomatic dialogue designed to achieve a non-nuclear Korean peninsula, but in order for us to do that the North Koreans have to demonstrate a serious commitment to denuclearization. They haven't done that yet.

In the absence of a diplomatic dialogue pressure counts and we have most recently brought pressure to bear through a UN Security Council resolution, passed by the Security Council after the January 4th nuclear tests -- North Korean nuclear tests in January. This is a very strong Security Council resolution, which goes to the heart of some of the things North Korea is doing internationally, including their banking activities. So this resolution goes beyond previous resolutions and strengthens the pressure on North Korea. The Chinese were quite cooperative in Security Council deliberations on this resolution and we've seen Chinese efforts to implement that resolution since.

So, we engaged the Chinese at the senior most levels on this subject. The North Korea problem is among the highest items on our bilateral agenda and we don't -- we never miss an opportunity to discuss it with the Chinese. The Chinese have their own interest in -- at times. They're interested in -- very interested and concerned about stability in North Korea. They're concerned that should there be instability in North Korea, North Korean refugees will flood across their border. So they have interests that are sometimes slightly different from ours, but they do cooperate with us in applying the pressure we need to apply in order to bring North Korea around. It's a long-term effort. It's not going to be -- it's not going to happen overnight and there's more to be done, both in terms of applying pressure and I think in conducting diplomacy as well.

MR. LUBOLD: You can jump in if you want or you can move no.

MR. POLLACK: Sure. Yeah, I have only to say this it's -- our turn to look at North East Asia now --

while your question is very, very important, because in my own view the real strategic stakes, true strategic stakes are in North East Asia, not however important the reefs and shoals and the conditions governing what they are or what they are not pale by comparison. We fought a war with China on the Korean peninsula in 1950s. When President Nixon went to China in 1972 he had an extraordinary exchange with then Prime Minister Zhou Enlai and where Nixon made abundantly clear you know we fought a war here once and we must never let it happen again. But here is the problem. North Korea -- we talked about it yesterday, it's defiant. You would think on paper China would have an enormous capacity to dictate what North Korea should do. It's not that easy.

It's never been that easy with North Korea, but I think that the Chinese are moving in a direction that we clearly do encourage. Xi Jinping cannot abide young Kim, but they haven't translated that fully or maybe not in a way in the visible kinds of ways that often we would want to see, but as David has noted, I do think that they're -- these sanctions have much more bite, and so we're nudging things in the direction. China has an enormous commitment to South Korea -- trade relations, investment relations. They understand there is a Korea that really works with them and one that defies them and it's not because North Korea is some kind of glorious strategic asset for China, it's not. It's an enormous burden and a risk and a liability. So, it's -- this is going to be slow, steady, persistent work if we are going advance goals that are not only in our interest but very much in China's interests. Over the longer run there are issues of North Korea's long-term future, but let's put that to one side for now.

MR. LUBOLD: I see John in the back there -- right there and maybe let's do some kind of quick hot rounds here, because I think we're running out of time here soon. So John.

MR. MCLAUGHLIN: John McLaughlin, Johns Hopkins University. Actually I had two questions, but I'll just choose one since you're down on time.

MR. LUBOLD: Thank you.

MR. MCLAUGHLIN: The Asia Infrastructure Investment Bank and the new Silk Road or One Belt, One Road proposals, do you see these as proposed -- they strike me as rather transformative in their ambitions -- impressively so. Are they mounted for China's sake? And the region or are they in some sense do you think competitive with us and to kind of challenge us in some way?

MR. LUBOLD: Try to be quick so we can get to the others.

MR. SHEAR: I'm trying to be quick. I mean the -- for those who don't - aren't familiar whether it's -- Xi Jinping has articulated the idea that both in maritime routes and in overland routes China would play this enormous role across Asia going to Europe to cement these ties and bonds by putting enormous assets -- financial and otherwise into developments, and a lot of cases in some pretty dangerous territory, which begs the whole issue of whether China is going to be capable of taking on other kinds of roles if things don't go according to plan, but the -- the bank itself, I mean this is this fundamental question; that the Chinese have defined the bank. It's a multilateral institution they've created. There's lots of foreign membership and if the US and Japan and Canada decided to stay out and not be founding members of the bank, but in a lot of ways it's sort of you would think the kind of China you want to encourage over time.

I don't think it was particularly well handled in the U.S. government. I think it's recognized now that it was not -- but it's more you want China to be supplementing rules established in the existence of other international banks and the like, and to do this in a way that will undoubtedly I think benefit Chinese interests, but at the same time will accord with a larger set of needs in the international system.

MR. LUBOLD: Okay. This guy over here please. How about you ask a quick question and then I will try to get a quickly -- the guy in the green shirt here.

MR. MAYBURY: Mark Maybury, Director of the National Cybersecurity, FFRDC. My question is we had China attack us according to the Congress 3rd PLA in the 2014, against USTRANSCOM. They've robbed our country very significantly measured in certainly hundreds of billions maybe trillions. Things have changed. The White House has negotiated these new cyber norms. Don't attack our cyber emergency response teams, don't attack -- don't use our intelligence apparatus to attack us. It seems to have some diminution of attack, but to your point David about competition versus collaboration; are they going to not be able to resist getting at our IP, getting at our critical infrastructure and fighting a -- if you will a non-traditional war against us?

MR. LUBOLD: Thanks. And then if we could go to the gentleman in the green --

MR. BURGER. Bruce Burger. All these conversations on Asia, the word Japan has not come up at all and where do they fit in the equation, and remilitarization of Japan?

MR. SHEAR: Let me address the Japan question first. As I said earlier, the rebalance forms are overall approach to the region and the rebalance doesn't just include the movement of American military hardware. It involves a lot of improvements in the software as well and that software includes the strengthening of our alliances and of course Japan is -- our alliance with Japan remains fundamental to peace and stability in the region. So we've been working with the Japanese, particularly since their revision of their national security laws, which sort of gives them more opportunities to operate with us. We've been working with them very closely to plan, train and operate together in ways that we haven't done before, and then this is -- again this is a major piece of the rebalance and it will continue to contribute greatly I

think to regional stability as well as to our efforts throughout the region.

On the subject of cyber. This is a major concern on the part of the administration, particularly in the run up to President Xi's visit to Washington last year and we made this -- arriving at a cyber agreement with the Chinese among the highest priorities of that visit. We think we got a good start at a way of dealing with Chinese on this subject. You've probably seen some private cyber security firms state publicly that Chinese intrusions have decreased. We're going to continue to watch this very closely even as we implement that agreement and of course we're going to take maximum steps to ensure that our government cyber capacity is secured.

MR. POLLACK: Let me just make a couple of comments about Japan. The Chinese of course have -- had made a lot of overall comments about "remilitarization of Japan." In fact, Japan is challenged in all kinds of fundamental ways. Their economy has been basically flat for the better part of two decades or more. Their forces are small although certainly very, very capable. Abe certainly a man with a bigger vision is trying to direct this in a way that he thinks he can revive Japan's economic fortunes, but he wants to do this at least tethered very, very closely to the United States. The question is why -- and I think it's because in Japan there is free floating anxiety about the longer term, because you have Japan. It's a very rapidly aging to population. It's beginning to shrink and that long-term concern that Japan has always had has come to the fore. A much more capable China that it -- that Japan or some in Japan worry about threats that it poses to Japan's security and wellbeing.

What the Chinese and others -- and the others here in this case would include our South Korean and allies are uncomfortable with is the extension of our security relationship with Japan that goes into new domains as David has just noted. So even as we are looking for help wherever we can get it, the question is

the basis on which this will be conducted, how extensive will Japan's involvements be and whether or not frankly over the longer term Japan and China both can come to a tolerable set of understandings in -- as they are immediate neighbors, and I don't want to say peacefully coexist, but the implications if they can't are going to be extraordinary and worrisome, and on that basis I would take away what I said about Wagner's music.

(Laughter)

MR. LUBOLD: That's a good one.

MR. SHEAR: Gordon, I know we have no more time, but I just want to make a very brief pug (phonetic) for something Jonathan said earlier and that's the Trans-Pacific Partnership. The Trans-Pacific Partnership will not only benefit the partners economically. It's strategic and our TPP partners understand this acutely. It's strategic because it will give countries like Vietnam a much broader diversity in their trading relationships and this will benefit them not only economically but strategically, and it will benefit us economically and strategically as well, and that's why Secretary Carter has been out and at every opportunity in public has voiced very strong support for TPP, because we in DoD believe that it will be an important signal for the region, not just economically, but strategically as well.

MR. LUBOLD: Unclear Donald Trump's onboard, but anyway --

(Laughter)

MR. LUBOLD: Hey thanks. Maybe these gentlemen can --anybody else who didn't get to question maybe they'll talk to you. Finally, be (phonetic) respectful of your time. Thank you so much for coming and thank you to you.

MR. POLLACK: Thanks.

(Applause)

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