

Charting a Course in the Indo-Pacific

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<https://www.youtube.com/watch?v=jJsH2E9-YjM&list=PL7fuyfNu8jfP8TWSJzPCsyScNGwbW6xbQ&index=34>

Speakers

- Nicholas Burns, Co-Chair, Aspen Strategy Group; Former Ambassador of the United States to China; Roy and Barbara Goodman Family Professor of the Practice of Diplomacy and International Relations, Harvard Kennedy School
 - Kevin Rudd, Ambassador of Australia to the United States; Former Prime Minister of Australia
 - Michael J. Green, Professor and CEO, United States Studies Centre; Former Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs, National Security Council
 - **Moderator:** Demetri Sevastopulo, Financial Times
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Sevastopulo

Steve, thank you very much. Niamh, before we start, Kevin has told me that he's here in his individual capacity, and not as the ambassador of Australia, which means I'm going to actually expect him to answer some very tough questions, because he can't get in trouble back home.

Rudd

Yes, I can.

Sevastopuli

So let me thank you all of you to start off. Let me start with you, Kevin. Does President Trump have a clear strategy on China? And if so, what is it?

Rudd

If you look at what we did day one with the Trump administration through the Quad. The underpinning assumption of the administration read China in the Indo-Pacific is Shinzo Abe's organizing principle around a free and open Indo-Pacific. That's what the Trump administration got going in its first term with Quad foreign ministers, the Biden administration sustained that and elevated it to summit level, and now in the first six months of this administration, we've had two such meetings. Why do I say that? Because that's the organizing principle. And why is it the organizing principle a free and open Indo-Pacific? Because the underpinning strategic logic is that, because of the rise in Chinese military power, economic power, technological power, that the only way to reassert strategic balance in the Indo-Pacific is by collective action and collective deterrent action. That's the organizing principle, and if you look at the operationalization of it, least in our part of the world, it's what we do day in, day out, through Indo-Pacific Command with Admiral Paparo, both at the military level and intelligence level, and our broader instruments of policy collaboration as well. So we'd be doing none of that now, were

that not the organizing principle? So that's my best answer to your sharp and stark question. Dmitry.

Sevastopuli

So, yes or no, do they have a clear strategy on China?

Rudd

Well, if you're inferring that my question, my answer your question, was less than precise, I'm saying it's quite precise. Free, open Indo Pacific, shared between the four Quad partners, which are the four large partners at the Indo PAC. Two, it rests on an assumption that Chinese power has to be rolled back in multiple domains, and thirdly, that's what we're doing. So the answer is yes.

Sevastopuli

Okay, I'm going to come back to alliances in a few minutes. Nick, can you give us a sense of, do you think there is any continuity between what Trump is doing on China and more voting in the Pacific with what the Biden administration was doing?

Burns

I do. I think there are similarities and their differences. On the similarity side, I think both President Biden, and I was proud to serve him, and President Trump have to be very tough minded on trade. And so we've seen President Trump, is now kind of a truce, I think, between Scott Besant and vice premier Hurley Fung. Hopefully there'll be a trade deal by this August. We'll see. But remember that President Biden continued and implemented all of President Trump's first term tariffs on China, from phase one and beyond, and President Biden on May 24 2024 put 100% tariffs on Chinese, EVs, 50% semiconductors and 25% lifting batteries. So there's one big similarity. China's been a major disrupter in trade. Both presidents have reacted not with identical policies, but quite similar. Second, I always felt that I was I had a stronger hand with my Chinese colleagues when I could tell them behind my shoulder, Republicans and Democrats in Congress who largely agree that we have a competitive relationship with China on some of the issues that Kevin mentioned, in fact, starting with the one he did mention, and that is, we are not going to be out pointed militarily in the Indo Pacific. Second, and we've really put a lot of emphasis on this this week, technology is at the center of the stage. The commercial competition between the Chinese and American tech companies, the military spin offs that are happening and are inevitable. Third issue, where I think, their similarities, fentanyl. Now we don't have evidence that the Chinese government has been sending, we do not precursor chemicals to the drug cartels. We have plenty of evidence that in a highly controlled society, the Chinese black market has not been prevented by its own government in selling those precursor chemicals, leading cause of death in our society, both Presidents have put a lot of emphasis and then very quickly, because I want to hear from Mike, and I haven't seen him a long time. I think there's some real differences, human rights after the Riyadh speech, we know that that's not an issue that the current administration is pushing. We push human rights with Australia and other countries, on Xinjiang, on Tibet, on the lack of religious freedom, on Hong Kong. I'd also say on that other side, the United States and President Biden especially, really saw our policy in the

Indo Pacific through our alliance system with Australia, with the Philippines, with South Korea, with Japan, with Thailand, and our security partnership with India. And that was really how I felt by the end of my time there, the Chinese were threatened by the strength of the allies pushing together against them.

Sevastopuli

Mike, when you were recently quoted in an anonymous newspaper that may be pink in color, and you said Donald Trump is viewed in the region by some of the allies as a tornado and not as climate change. Can you explain? What does that mean?

Green

Well, the disruption, the unpredictability is, you know, every day's news, if you're in Tokyo or Canberra or Seoul or Manila or Delhi, and in public opinion polls, trust in the US is the lowest it's been in decades, many decades. 22% of all Japanese say they trust the US to do the right thing. 36% of Australians. It's the lowest ever, however, and this is the interesting part, support for alliances in the US is the highest it's ever been. 80% in the recent low in Australia, 95% of Japanese and Koreans support the alliance. And it is, I think, because at a fundamental level, our allies recognize that we're going through some transitions, but that we are an Indo-Pacific power, and we're committed. And as Joe Biden said, "Don't compare me to the Almighty. Compare me to the other guy." And Nick has been living with the other guy. There is no way for them to contend with China without us. I think what we need more than the US is realizing there is no way we can contend with the other guy without our allies. And that's a bit of the missing piece maybe we can get to.

Sevastopuli

So let me ask you all just about the alliances. If you look at, I'm going to name Bridge Colby, the number three Pentagon official in particular, because he's been doing a lot on the alliances in the Indo-Pacific that I think has been ruffling some feathers. So he's launched Kevin an office review. He has told Europeans, including the British, please go back to your backyard. Do less in Asia, do more in Europe, which is not what the Biden administration was saying. He abruptly raised the US request for more account spending to Japan from 3% to 3.5% and the Japanese responded by, very unusually, canceling a high level ministerial meeting, which is not something they generally do. And so there's a lot of tension. Are we getting, are we going to get to a point in a few years where, as with the Europeans, people will look back and say it was a rocky road, but the European so the Asian allies are doing more because Trump put pressure on, or is he putting pressure on in ways that are counterproductive, will actually weaken the alliances and make it impossible for the US, if it ever had to to fight and win a war with China, maybe Michael, start with you and come back this way?

Green

I mean, there's, I think, within Australia, within Japan, within Korea, there's a recognition that better governments need to be pushed to do more on defense. And the NATO summit was a pretty powerful signal of that, how you do it does matter. I'm confident, I believe that in Japan and Australia there was a consensus to increase defense spending. There are agreements on

critical minerals with India, Korea and Japan, on ship building, on supply chain security, on really important force posture initiatives so that our forces can operate across the region, all lined up, all ready to go. But as was noted, the quad has not been scheduled. The Japanese put off their high level two plus two because they don't know what's going to happen with tariff negotiations. The deals seem to be there, and then they fall apart. And no government is going to go into these big agreements without knowing whether or not they're going to have 25 45% tariffs on them. So we have to get past that and get and get on with it. And same with the pressure on defense spending, it was moving. We asked too loud. It slowed down. We'll get back on track. But the way we do it does matter, and we're slowing down what could be a much faster pace of cooperation.

Sevastopuli

Nick, what's your sense?

Burns

So I learned as State Department spokesman a couple of decades ago, if you don't exactly like the question you're asked, you just reformulate it. And I do want to...

Sevastopuli

Can I just point out that I used to deal with Donald Rumsfeld, and I know how to counter that.

Burns

Let me try this. I think at this point in the conversation we need some context about what China's doing. Here's what I think China's doing. It's trying to cut the United States and our allies down to size. It is in league, certainly with Russia. You've seen the intimidation in their joint air exercises against Japan. You saw the circumnavigation of Australia by the Chinese fleet. Here's what I think we're doing. They're doing the P and this is why we're so bound together as allies. The PLA is pushing out in the South China, sea sprouts and Paracels in the Senkakus, in the Taiwan Strait, against South Korea, across the Yellow Sea, against India, 2500 kilometer front. This is a extremely important development, and we've been pushing against it. All of the allies and partner of India second in the non military sphere, they are certainly the leading influencer in Southeast Asia, as Condi Rice said yesterday, quite correctly, and she and I used to Soviet affairs together. China is more influential in Central Asia than Russia is right now and openly contesting Russia on all sorts of business pipeline projects. Third, you know, the United States has tried over the last couple of administrations to be more active in Africa, but for 35 consecutive years, the Chinese foreign minister has gone to Africa, first in January and last. And here's the context. We were flying into Lima on November 15, 2024 for President Biden's last summit with President Xi. And The New York Times had a color coded map. 2000 to the United States, leading trade partner with every country in South America. 2024 China, leading trade partner with every country in South America save Columbia. So here's the kicker in my final point, we have to raise our game. There is a global competition to China, not just regional. And part of this is going to be, how do we get win the battle of ideas? Public Diplomacy, our ideas versus theirs, ours are superior. Superior. How do we get more American, Australian investment in some of these parts of the world? And certainly, first and foremost, how do we not be on the

losing end of a military competition for power in the Indo Pacific? I think we've not taken this global threat seriously enough, and should the Chinese are strengthening themselves. So I'm going to come back to you a little bit. Little bit.

Sevastopuli

So if you ask Trump administration officials about this pressure on Asian allies, they will say two things. They will say, allies don't like hard conversations. I mean, it is hard for a reason, and so it's going to be tough. And they will say, only President Trump has managed to get the Europeans to spend more money, and he has a track record. I remember 20 years ago going with Rumsfeld and Robert Gates to Europe many times, and the different administrations were encouraging Europeans to spend more. It has taken two decades. Do you think it's going to take two decades, and I'll ask you also, Kevin, after this, two decades to get the Asian allies to spend more, or do you think that Trump's approach right now is going to again, while being uncomfortable for the allies will actually achieve a result?

Burns

Well, we worked very closely with the Japanese and they agreed to heighten their defense spending just in the last couple of years, same with the Filipinos. And it was very has been interesting to see the strengthened resolve of Japan and the Philippines vis a vis Taiwan. Here's some more similarities between the two administrations that I pointed out earlier. I follow very closely. Secretary hex has visit to Asia. His first visit. What he said in the Philippines, in Japan and Korea, is what I would have said as a Biden official, had I gone to those countries, unstinting support for treaty allies. When the Trump administration announced its it's sending defensive weaponry to Taiwan, that's something we did. And so I do see from Secretary Rubio and Secretary headset a continuity of sorts when it comes to trying to raise deterrence on Taiwan, to help Taiwan against mainland China, but also to be good at these two allies right in that neighborhood.

Sevastopuli

So Kevin, I mean, speaking about Secretary Hegseth, I mean, he has openly called on the Australians to increase defense spending to 3.5%. Is that something you think Australia is going to be able to do? Or do you think these, kind of, public pressure campaigns, whether it's Hegseth or Bridge Colby or someone else, makes it more difficult politically back in Australia, back in Japan, for the leaders to actually do that?

Rudd

I haven't been spokesman for the State Department, but I get to redefine the question, like he did, and just answer my own? Good. The point is that in Australia, I'll come to defense point in one second. We take a long view of the Alliance. We have been allies with the United States for the better part of 100 years, every major war in the 20th century and into the 21st Century, with the crazy guys in the foxholes next to you. So I think history does speak for something, and our alliance and alliance obligations the United States have endured over 15 prime ministers, including yours truly, and 15 American presidents, Labor Party, Conservative Party in Australia, Republican and Democrat. We take a long historical view of these things. Second is, guess

what? At various times in the history of the Alliance, various US presidents have had various things to say about greater effort on the part of allies, and have we all forgotten the Nixon doctrine and what that meant in terms of obligations on individual allies within the framework of their bilateral security arrangements with the United States. Thirdly, on the core question of defense, Australia has been well north of the 2% line for a very long period of time when quite a large number of other governments around the world have not been. Secondly, there's this whole question, frankly, of methodology, of how you count defense expenditures and outlays. And there's an active debate about how, in fact, that would render Australia's current defense numbers probably more in the vicinity of 2.5 or North if the same methodology was deployed as it's deployed in the United States. We don't do that. We have a very narrow definition of defense to GDP outlays. The third is, the Prime Minister has been absolutely clear cut. We will continue to invest fund and expand that which we need to do in defense of Australia's national interests, as is required in the years ahead, the AUKUS program on submarines, to which you referred to before, of itself is a quarter trillion dollar exercise over the next 15 years, we're acquiring for the first time, nuclear powered submarines in our history, building half a dozen from the United States, building half a dozen down under, and providing massively expensive full maintenance repair facilities for the US Pacific, Indo-Pacific fleet in fleet based Western Australia, as well as a new construction facility for boats from scratch in Adelaide. These things cost an enormous amount of money, so we will continue to increase our allocations on defense, and the PM has been very clear about doing so consistent with our national interests. And we're working with Bridge and the team on the AUKUS review to go back to your earlier question, and we are confident that we'll work our way through each and every one of the issues which he has raised in the context of this internal Defense Department review.

Sevastopuli

Do you think I mean, if you think about what Admiral Paparo has been saying over the last few months, which is the Chinese military exercise on Taiwan, are not just exercises, they are rehearsals for a future potential attack on Taiwan. Has the urgency increased to such a point that actually, Australia, Japan, South Korea, and others need to move more quickly on defense spending?

RUDD

Well, without saying we told you, so we did. When muggins [**Rudd referring to self**] here was Prime Minister, we produced the region's first defense white paper to name publicly China's rapidly rising defense outlays, which were not explained by any accompanying doctrine of the Chinese state as to why they needed Blue Water naval capabilities. That was in 2009 if you look at the trajectory of what our government has been doing and a reallocation of resources the Royal Australian Navy, the movement now in terms of nuclear powered submarines, that consciousness has been alive and well in our part of the world. I know from my Japanese friends and colleagues that their decision in recent times to take the extraordinary step, moving from one to 2% of defense outlays is a monumental step within the constraints of Japan's post 45 constitutional and political arrangements. And so do I look elsewhere across the region as well. So with samtapara, maybe it's not news to everybody in this office, sorry, in this office, in this gathering today, but on a day to day basis, there you have samtapara, commander of Indo

Pacific Command, his deputy commanders, Navy, Army, Air Force, are all Australians, and have been so integrated into Indo Pacific operations for nearly two decades. We are cheek by jowl with the United States in the Indo Pacific, and we know what new capabilities are required. We're investing in those capabilities, so we're pretty bullish about our contribution to collective deterrence going forward. And the final point, Dimitri, is the China challenge becomes more real, more acute, sharper each day, each week. Look for example of what's just happened since May, where you have the first projection by Chinese carrier groups beyond the second island chain, not just the first island chain into the Central Pacific. China is literally on the march, and therefore it requires counter measures. Those counter measures are wrapped up in our doctrine of deterrence and the operationalization of it on a daily basis throughout work with INDOPACOM.

Sevastopuli

So before I go to Mike and just ask a similar question on Japan, Kevin. Bridge Colby, I think lives very close to you. Have you managed to have him over for a glass of Australian wine and try and convince him some of these points?

Rudd

Well, first of all, your mythological problem there, Dimitri, is you think we drink wine by the glass, we drink it by the bottle. So your lack of familiarity with the Australian MO, I think is just for an Irishman. I think that's just quite a disgrace.

Sevastopuli

Does that mean you're inviting me over for dinner next week?

Rudd

Bridge has been around my place a lot of times, and so we have known each other for a long period of time, and that's why I'm confident, quite apart from the mature relationship. But they now do two defense establishments, our DOD and the US DOD. They will work our way through this stuff, 15 prime ministers, 15 presidents, 100 years. We kind of have a bit of background here.

Sevastopuli

So, Mike, you cut a similar question about Japan. I mean, they are coming under pressure. They are, you know, along with Australia, the most important ally for the US and the Indo-Pacific, they're in the middle of a big trade fight with Donald Trump. They're very unhappy with the way, unhappy with the way he's come after them as a very influential ally Prime Minister Ishiba faces Upper House elections in roughly a week or so. He's quite vulnerable at the moment. Do you think Japan is in a place right now to respond to some of these extra requests from Trump administration?

Green

Boy, I was never State Department spoken about. But can I answer that by saying something? I just want to quickly foot stamp what Kevin and Nick said. As we're speaking right now in

Northern and Western Australia, the Talisman eExercise is underway, and it's 19 allies with the largest combined live fire action as ever. And that is also a rehearsal. And you have Japanese marine veterans landing with fire support from the US Navy, the Royal Australian Navy, the Royal Navy. You have Air Defense Logistics. It's real world stuff. It's not just a sort of passex and photo op.

Rudd

75,000 troops.

Green

Yes, the biggest invasion of Australia ever. And so a lot of stuff is happening, but under the skirt of the car you look and Australia doesn't have integrated air missile defense. Japan doesn't have a really effective Japan doesn't have a really effective command and control architecture and software. Yet, US ship building is really lagging. We need force posture initiatives to get implemented so that the US can move across the region in a crisis. There. All these things are happening, and they're unprecedented, but the Chinese are moving faster. And so I don't fault Bridge for putting some pressure on allies. I think many within the system would welcome that. It's not been done. It's more mallet than scalpel, though. The Japanese government, I think, was ready to accelerate and increase defense spending beyond 2% to 2.45% and the way the administration went about it and set that back by a month or two because of the election. And we need allies too. And we are slowing down things at a time when there should be urgency. So they're right about the urgency. But there's some fundamentals of diplomacy and politics and other sides of politics too, that we'll have to sort out. But I agree with Kevin's first statement that free and open Indo-Pacific concept of Abe, which was originally Mohan, is the operating assumption for all of us, including India, I'd argue, and that is our North Star, and we'll get there.

Sevastopuli

So because you all went slightly Donald Rumsfeld only, I'm going to be slightly Donald Rumsfeld as well. And ask you to raise your hand if you think by the end of the Trump administration, US alliances in the Indo Pacific will be stronger than they were at the start of the administration?

Green

No option.

Sevastopuli

No, ok, no, no, ok. So two versus one. Nick, I want to ask you about China. You were there for four years. You're intimately familiar with the way Chinese officials are viewing the US. Do you think China right now looks at the US looks at the Trump administration. Do they see it on balance, as a challenge or an opportunity? I know it's both, but on balance, which do you think it is for them?

Burns

Well, first, let me explain my answer to your Rumsfeldian question. I think there to go back. The positive news here, as I see it, six months out of China, is that there are more similarities between President Trump's policy and President Biden than dissimilarities. That's good, I think,

in the Congress, and I spent a lot of time with Congress as an ambassador with Republicans as well as Democrats, more similarities. And that's a strength, and we have to retain it. And I think it's a strength the Trump administration wants to retain we have a very good ambassador there, David Perdue. I spoke to him at great length, and I supported him. I think he's going to do a really good job. We need that bipartisanship. Number one. Number two, President Xi is the decision maker. He knows President Trump. They worked together for four years. I think they've kind of fought to a truce on trade. The Chinese rolled out rare earths. President Trump rolled out ethane and semiconductor parts. And I really think that both governments want to have a trade deal now. Can they work for the next two or three months to get one? I don't believe there will be a summit meeting, and there has to be a summit meeting, given the nature of the Chinese system, until there's a deal. So I think that's an early test. And I guess I'd say last the Chinese respect power president, and they respected President Biden because he built up our alliance system. I think they respect President Trump because of his power in our system, controlling both houses of Congress, his party. They understand that. They understand that President Trump is leading. Leading effort is the trade effort and economic relations. Frankly, that's not a bad place to start in the US China relationship. I think the test will be, which is why I didn't raise my hand. I just don't know where we're going to be at the end. And I'll just frame it this way. When I just came home in February, The Economist magazine asked me to write an article, what did you learn? And I said, Well, I learned we have to be competitive, that's bipartisan, and we have to win the competition that there are times. Conversely, we have to work with China. We try to on climate and fentanyl. But I also learned that I think the United States is always stronger when we're completely aligned with our allies, because the Chinese understand leverage. They have states around them, more supplicants, frankly, Cambodia, Laos, we have equal treaty allies, and the Chinese recognize when you get over 60% of GDP on the Democratic side, they've got to deal with us. So I think that is the test for the Trump administration. I think they can meet it, and I hope they'll meet it.

Sevastopulo

So I want to just press you on. One thing I remember, you know, during the Biden administration, one of the interesting things was how China didn't really retaliate. That big a way when the administration put on export controls and certain things, it did a little bit, but I think they pulled their punches. They have now shown what they can do with their rare earths dominance. Michael, remember, I was running our Asian news operation in 2010 when the Chinese used coercion with rare earths against Japan, and we commissioned lots of stories about how the US was going to be vulnerable in the future. We're 15 years on. Successive administrations in America have really failed to tackle that problem. And now the Chinese, you know, maybe have the US over a barrel in a certain way. Why has the US not reacted more quickly,

Burns

Or the Chinese not react more, you mean?

Sevastopuli

Well I mean, why did the US, given that the US had at least 15 years warning not prepare better for the situation of the day when China would use rare earths dominance as a core tool?

Burns

Thank you, Dimitri. That question has come up a number of times on this stage and in the backroom conversations. I disagree, frankly, objectively, with the view that somehow TRUMP, President Trump's been outplayed. What happened? Scott Besant and Hurley Fung had to get to know each other. That's a necessity in diplomacy. They had a warm up meeting. Second the Chinese then withdrew our business access to rare earths. What happened at the same time, Scott Besant and President Trump rolled out a denial on ethane and on semiconductors. I thought it was more of a truce. I don't believe that somehow the United States has been outplayed here. What's different is that I could see immediately after our election that the Chinese were preparing for a fight on trade, and I think the two sides have gone through that. I think they have declared a truce, and I do remain somewhat optimistic there'll be some kind of a deal in several months.

Sevastopulo

But just very quickly to press before going to Kevin in the previous panel, there was discussion about how the Chinese move forward so quickly. So why? I mean, the US has known about the rare earths challenge for a long time, and it needs to tackle it now, but it hasn't been able to. So can you give us a sense of why you think the US hasn't stepped up to the plate on this?

Burns

Well, I think the three of us can answer this question. It's been a great concern, first, certainly in the Obama administration and in the Biden administration, these things take time, but there's been a search in the United States to develop rare earth mineral rights, and it's been a search in countries like Australia and even in Western Europe. So we've got to work at warp speed. And my answer to your first question was, I think we have underestimated the speed and strength of China on issues like economic coercion. So we've got to work harder.

Sevastopulo

Kevin.

Rudd

I think on this conversation, it's good to ground it into some geological facts. United States has considerable geological reserves through its permitting processes, has been impeded from doing what it needs to do, both in terms of mining, but also in terms of processing. Secondly, China's practice since, effectively, the Made in China 2025 release back in 2015 has been in each industry sector, including critical minerals and rare earths, to achieve global market competence dominance, and has adopted a series of pricing policies in the world that whenever competitive producers or processors arise to crash the price. We've seen this time and time again, and you see the same in other industry domains as well. Further point is that on the ability to resolve this, I think China has now committed a fundamental error by overplaying its hand. It overplayed its hand, not just in terms of what it did with Japan in 2011 but with the United States in relatively recent months, the level of galvanization now across the United

States system and friends, partners and allies on this is unprecedented. Furthermore, Australia equals the periodic table 50 defined critical minerals and rare earths in the United States, we currently, or can prospectively, produce and refine 35 of them. In our own country, we are producing strategic stockpiles ourselves. The President has announced a larger measure through the most recently enacted budget bill to establish a large strategic reserve here these allies, together with others, namely the Canadians, as well as those on the purchasing side, will now begin to collaborate, as with greater and greater intensity. Who was it? Who basically constituted the trip fire for this new urgent reality, the Chinese overplay of their hand. So I'm relatively confident, given where this administration is going and some of the progress already realized the last 30 months, the last administration on critical minerals and rare earths gonna get a lot of work with the NSC, that we're going to be in a much more robust place collectively, by the time this administration comes to the election of 2028.

Sevastopulo

Do you think that's why Donald Trump wants to come to Canada the 51st state? It would solve the rare earth problem?

Rudd

The question of the final outcome, the War of 1812, I will leave to everyone in this room because I am simply an Australian civilian.

Sevastopulo

So Kevin, one more thing, the question I asked Nick you I understand because I have a copy on my shelf, having written a book on Xi Jinping. For your sins, you spent a lot of time inside his head. How do you think he's viewing the Trump administration?

Rudd

When Xi Jinping looks at America and remember, he's been President, General Secretary of the party and Chairman of the Military Commission now for 13 years, almost 13 years. So he has an aggregate view of the United States, and obviously he hasn't recently confided in me his view of President Trump, in fact, he's never done so. What does he see when he looks at America the power of the US military, and he see that? He sees that as continuing to grow. He sees the power of the US economy and the recent enactment of tariff measures, both under the previous administration and the current administration, quite apart from the technology export restrictions, has caused big dilemmas within the Chinese system. You just you don't have to go far to see evidence of factory closures on the back of the tariff measures of last six months and what is most electric within the Chinese system is unemployment rising. Youth unemployment rising. It creates problems in terms of the social contract with the Chinese party on technology, despite all the hooplah about DeepSeek, that actually is a borrowed technology, not an indigenously generated one and it's borrowed, frankly, by innovators in this country. So therefore, when the President, when President Xi Jinping, looks at this America, he sees these strengths as continuing. They contribute to what I describe as the fabric of integrated deterrence, and that's before you roll in the underlying strength of the US dollar. One final point is President Trump repeatedly says that one of the strengths that he sees for his own personal style of leadership is

his certain level of unpredictability. He said this explicitly in various interviews before and after the presidential election. Chinese crave predictability through the Chinese Communist Party. Being unpredictable is no bad thing in terms of the way in which the Chinese view their strategic future on the critical question which will dominate our horizons through to 2028 which is the future of Taiwan?

Sevastopulo

Thank you. Okay, we're going to take one, possibly two questions from the audience over here towards the front.

Hanson

Good afternoon, gentlemen. Nick Hanson with this year's resonator class, I'm curious how you think Xi's strategic calculus has changed regarding Taiwan reunification, given Putin's inability to achieve his goals in Ukraine and subsequent military losses and also the recent Israeli and American strikes on Iran.

Burns

So Nick Hanson is a graduate of Harvard Kennedy School. He's one of our Aspen Strategy Group, rising leaders, outstanding young men. But for him, on this stage, in the next couple of years, I say this. I think the Chinese, as I was working with them, were working very keenly at what they could deduce from the course of Russia's invasion of Ukraine, and to see how the Ukrainians have held off a much larger force, and to see now that Taiwan is considering a major expansion of its drone capacity and its ability to manufacture them in Taiwan and attack missiles, I think it has to give, in my judgment, them pause, and that's a good thing. Second, as I said before, I think President Biden succeeded in convincing the Japanese to build up their own defenses, as in the ways that Kevin has described against their 1945 or to supersede their 1945 constitution, and to see the intense security focus and debate within Japan and the Philippines on Taiwan contingencies. Tony Blinken, our Secretary of State, also went around the world reminding countries, should the Taiwan Strait ever be shut down, it would have a potentially catastrophic impact on the global economy, so that pressure against China is a good thing and and I think the Trump administration will have to see where they go with this, and particularly President Trump, but delivering defensive arms to Taiwan, as they did two months ago, that's a continuation of American policy.

Sevastopulo

Finally, I think one more question, given that we're talking about alliances, I see an Australian in the room, so I'm available, Kevin, if you need a translator. I'm happy to help.

Rudd

Why is it that you speak the unintelligible dialect of English, and we speak the Queensland English? So I couldn't understand that.

Fullilove

Well, I'm a Republican, Kevin, so... Michael Fullilove from the Lowy Institute. Look, there have been a lot of searching questions asked about what Indo Pacific allies are doing, and I think those questions are justified. And when you listen at this conference to Europe and to what European allies are doing, stepping up on defense spending, the quickening connections between allied capitals. There's just not that sense of urgency in Indo, Pacific capitals. In Indo, Pacific allies, in my opinion. But I actually want to turn the focus back to President Trump, because we haven't talked too much about him. We've talked about breach, but not about President Trump. We know that alliances is not his favorite word from the English dictionary. We know he doesn't love allies. Why should Indo Pacific allies not be worried about what he might trade away in a deal with China? And secondly, let me ask the panel, in the worst case scenario, would you expect President Trump to spend blood and treasure defending Indo Pacific allies?

Sevastopulo

Who wants to go first? Mike?

Green

Well, as I mentioned earlier, there's a little think tank, and I'll show tank in Australia called Lowy that had a poll that showed the lowest level of trust in the US, I think, since you've been doing the polling, but very high support for the Alliance. So I think fundamentally, our allies understand that the structure behind these alliances and US interest is unchanged. In fact, it's growing. Secondly, I think one thing you can say about Donald Trump is he doesn't like losing and a bad deal with China will be painted as losing and I'll defer to Nick on this, but my sense of talking to Chinese interlocutors is they don't really trust the president to do a big deal anyway. Maybe disagree. So I think there's some limits. And finally, on the trade front, or diplomatically, there may be some movement between the US and China that's positive, but the PLA is not getting the memo. This circumnavigation of Australia a few months ago by the PLA was happening concurrently or shortly after the largest exercises ever around Taiwan, major exercises in the Yellow Sea to the west of Korea, live fire exercises between Japan and Guam the PLA is rehearsing for a theater wide campaign. As Trotsky said, you may not be interested in war, but war is interested in you. It's interested in you. I think every government, every military, realizes you mentioned the Philippines, we are all in this together. So for all those structural reasons, and because Donald Trump likes to win, there is some reason for reassurance, but your poll shows we need more.

Burns

So I'll be brief, because I've had a fair chance to say my piece. I think there are more similarities on China policy between the last two administrations and dissenters. But going to Michael's very good question. I do think the big challenge for the Trump administration can it adequately use and use effectively the power of our alliances across the technology, military, human rights, going to the Chinese collectively on the Uyghurs. But let me just conclude with saying, I've been since 2017 a former ambassador to NATO, very critical of President Trump in his first term, in the first few months of this term, on his disregard for allies, Denmark, Canada, etc. But what happened on Monday morning? This past Monday morning, President Trump announced with Mark Rutte, the Secretary General of NATO arms for Ukraine. That's a turnaround. It's

significant. So I think it's incumbent upon people like me to say that's positive. Second, two weeks ago in The Hague, one of the most successful NATO summits in history, to convince the allies to go to 3.5% defense spending, 1.5 infrastructure, and to have an agreement that we all have to stand together vis a vis Russia. So on that issue, NATO the centrality of our commitment to Europe, President Trump is now back in the mainstream. The challenge will be, can you sustain it and will he sustain it? But I think you have to recognize these good trend lines when they happen.

Sevastopulo

Kevin, you have the final word.

Rudd

Yeah. I'll be very, very brief, because I've had a fair saying just to challenge. Michael Foley loves premise about the same urgency not being shared across the Indo Pacific allies as here in the United States, I just disagree with that based on the temperature in Canberra, Tokyo, Seoul, even under the new administration, and certainly in Manila. That is why greater and greater efforts have been delivered to the individual and collective national defense efforts. Right? Agree with Michael is that there is a galvanizing principle across everybody, and that is a view that collective deterrence, integrated deterrence, is the only game in town, and it requires constant investment in terms of capability and expressions of political intent. And that's what actually brings these allies together. And furthermore, for the United States, Perish the thought one day Taiwan fell. It's the extinguishment, and I believe, the bloody extinguishment of a robust democracy of the last 25 years, with 23 million people beyond that, Taiwan currently occupies the entire strategic focus of China's armed forces and what is now the largest surface fleet in the world. If Taiwan was to fall, those capacities and capabilities would be unleashed more broadly. We need to think through these things very carefully. and I believe that logic is galvanizing here in the United States as well as across allies.

Speaker 1

Thank you much to the panelists. Kevin, I look forward to the wine and thank you to the audience.