

## **Center for Strategic and International Studies**

### **“CSIS-Pertamina Banyan Tree Leadership Forum with Dennis Richardson AO”**

**Featuring:**

**Dennis Richardson,  
Former Australian Secretary of Defence**

**CSIS Experts:**

**Andrew Shearer,  
Senior Adviser on Asia Pacific Security and Director, Alliances and American  
Leadership Project**

**Michael J. Green,  
Senior Vice President for Asia and Japan Chair**

**Introduction:**

**Amy Searight,  
Senior Adviser and Director, Southeast Asia Program**

**Location: CSIS Headquarters, Washington, D.C.**

**Time: 10:00 a.m. EDT**

**Date: Monday, September 11, 2017**

AMY SEARIGHT: (In progress) – announcements. Dr. Mike Green and I are your safety officers. So in the unlikely event of an emergency, we will either exit out of the front of the building, the glass doors on this side, and convene at St. Matthew’s Cathedral down the street on Rhode Island Avenue, or we will exit from the back side and convene in front of National Geographic on M Street.

With that business out of the way, it is my great pleasure to introduce Ambassador Dennis Richardson, who has had an incredibly distinguished career that has helped shape Australia’s foreign policy for many decades and, most relevant for us here in Washington, D.C., he has played a leading role at several key junctures of deepening alliance cooperation between Australia and the United States.

Most recently Ambassador Richardson served as secretary of the Department of Defence, from 2012 until May of this year. Prior to that he was Secretary of the Department of Foreign Affairs and Trade, from 2010 to 2012. And he served as the Australian ambassador to the United States for four years, from 2005 to 2009. Ambassador Richardson was also director general of the Australian security intelligence organization for many years, from 1996 to 2005. He’s a graduate of Sydney University, and was awarded an officer of the order of Australia in 2003. So clearly, we could not have a better speaker joining us today to share his perspectives on challenges that both Australia and the United States face in Asia Pacific, and perhaps at home as well.

After his remarks, he will be joined on stage by my colleagues Dr. Michael Green, who is senior vice president for Asia and the Japan chair here at CSIS, and Mr. Andrew Shearer, who is senior advisor for Asia-Pacific security and director of the Alliances and American Leadership Project.

So with that, please join me in welcoming Ambassador Richardson. (Applause.)

DENNIS RICHARDSON: Thanks, Amy. Thanks a lot. Thank you, Amy. Look, I’ll – I’m sorry? Oh, right, I can just – I prefer not to stand behind a podium. (Laughter.) Look, I’ll just say a few words off the cuff, and then we can have a – have a discussion. I thought I would just mention very briefly five big things that, when you’re sitting in Canberra, and you look out around the world, what are some of the five big things that catch our attention?

Before doing that, I would like to acknowledge today is the anniversary of 9/11. I’m very conscious of that because of the job I had at the time, working closely with American colleagues then. And indeed, Prime Minister Howard was in this city at the time of 9/11.

This is – I first came to Washington on official business over 30 years ago. But this is the first time I’ve ever been in Washington on a holiday. (Laughter.) Betty and I loved here for 4 ½ years. But this is the first time we’ve actually been here on a holiday. We’ve been in the States for about a month. And after D.C., we’ll go on to New York and Michigan before heading home. We have spent some time in California and drove from Montana down to Phoenix. Simply a reminder of just what a big, beautiful diverse country this is. So really, really delighted, Amy, to be back here at CSIS’ invitation.

The – I think the first – the first issue, when we look out onto East Asia, the first issue for us at the moment is the obvious one of North Korea. I won’t say much about North Korea. Every time I open The Washington Post or New York Times I read about North Korea. The only point – I’d only make two points about North Korea. One, I do not believe that challenge is going to be resolved until Beijing comes to a view that the downside of the path down which North Korea is moving outweighs the benefits to Beijing. And I think at this point in time, Beijing does not have that view.

The second point I would make is that there's a lot of attention given to the acquisition by North Korea of nuclear weapons, missiles, and the like. I think it is highly unlikely that a nuclear-armed North Korea would attack the United States, for the obvious reasons. I would mean the obliteration of North Korea. And that would not be in Kim's interests. What worries me more than that is North Korea's disgraceful historical actions in respect of proliferation. North Korea is an active proliferator.

You might recall the Israeli attack on the nuclear facility in Syria in September of 2007 – a Syrian program which the North Koreans were actively involved in. And my concern with the North Korean nuclear program is that – is the temptation they would have to provide clandestine cooperation with terrorists and other groups, and the threat that could pose to other countries. I no more have a ready solution to that issue than anyone else, except to say that I don't believe it can be resolved without Beijing coming to a view that its own strategic interests would be best served by North Korea taking a different path.

Second big issue for us – and these are not in order of importance – is obviously China, China's rise. China is now Australia's biggest trading partner. That, combined with the election of Donald Trump, has given rise to an active debate in Australia about the alliance. Issues relating to the alliance are always – are always seated at the back of public policy debate in Australia. Occasionally, it comes to the surface. It normally comes to the surface when decisions are taken in Washington which are controversial in Australia.

We saw a debate about the U.S. in Australia during Vietnam. We saw a debate in Australia about the alliance following the invasion of Iraq, of which we were part. This time, I think the debate is a little bit different, and I think it is a little bit deeper. It is deeper because, for the first time since the Second World War, we have a disjunction between our largest trading partner and our strategic partners. And that has – that has given rise to some tension in some quarters in Australia.

That, combined with the election of President Trump. And I think there are elements in Australia, and elements elsewhere, who seek to use President Trump's unpopularity for their own advantage. Their interest is not President Trump. Their interest is the alliance between the United States and Australia, and the undermining of that, and the stripping away of credibility and confidence in that alliance. And I do think we need to be conscious of that.

China obviously has become more assertive. That is inevitable. China has obviously engaged in force modernization. That is inevitable. No country goes through the economic transformation that China has undergone without some of the benefits of that flowing onto the defense side. However, we do need, from Australia's perspective, it's important that we keep that in the specter. China is our largest trading partner. China also has active intelligence programs directed against Australia. China also has regional and world interests that don't coincide with Australia's.

So our relationship with China is inevitably complex. And I don't see China being able to replace the United States as our number-one partner, even though some people in Australia do have that as an ambition. It's worth remembering that while China is by far our largest trading – merchandise trading partner, our largest economic partner, if you take into account merchandise trade, financial flows and investment flows, remains the United States. By far, the largest foreign investor in Australia remains the United States. And we are in the top 10 foreign investors in the U.S.

Another issue for us in Australia is Islamic terrorism and extremism. That has three elements, when you're sitting in Canberra. One, developments in the southern Philippines and what would be a dreadful development in Southeast Asia, if a caliphate was declared and partially established. The second element is Islam in Indonesian politics. We saw in the Jakarta governor elections 18 months ago – we saw for the first time Islamic extremism introduced into mainstream Indonesian politics. And we saw legal action taken against the former governor Jakarta because of these comments about Islam.

The question for us is whether that was a one-off or whether it is part of a trend. I'll be looking very closely at the next U.S. – at the next Indonesian presidential election to see whether the flow of Islamic extremism into mainstream Indonesian politics was one-off in terms of the governor's elections, or whether it is part of something more permanent. If it's a part of something more permanent, it will be an indicator that things are changing, and changing in a way that does not serve our interests.

Fourth issue that we look at in Australia is the Pacific. Probably over the course of the next 100 years, there could well be two or three small South Pacific island countries that could disappear because of climate change. That will raise real issues for Australia and our response to that, because some of those countries are not economically viable over the long term without continued development assistance.

And another element of our engagement with the South Pacific is Papua New Guinea. Where Australians are used to thinking about Papua New Guinea as a small country in the north, by 2050 Indonesia will – Papua New Guinea will have a population of around 20 million-plus. It will – so it will be significant in terms of population size. Australia will then have a population of around 40, 45 million. But the population pressures in Papua New Guinea are going to give rise to some real policy challenges in Australia, which I don't think we've yet thought a lot about.

The third – the fifth and final issue for us is the rise of populism in liberal democracies. Probably for the first time since the Second World War, what is happening in liberal democracies globally is one of the points of anxiety and global uncertainty. Historically, despite changes in the liberal democracies, despite differences and the like, there was a certain steadiness and predictability. There is now a question mark about that, with Brexit, "America first," and the like.

There are – there are two elements to that rise of populism. One is the political dimension and what it means strategically in terms of traditional relationships. And secondly, economically and on the trade side. We've already seen the Trans-Pacific Partnership thrown overboard. And in fairness to President Trump, his political opponent – Hillary Clinton – despite what she had said when she was secretary of state, also ditched the TPP for domestic political reasons in the United States. Are we going to see more of that? Are we going to see less of it? I don't know where that moves. But Australia trades a much higher percentage of its GDP than what the United States does. Therefore, changes in global trading environments can affect – can affect us substantively. So we take a very, very close interest in that.

Finally, I would simply repeat the remark that I mentioned before, and that is there are – there are, I believe, elements in Australia and elsewhere who seek to use President Trump's unpopularity for their own purposes. And that purpose is to undercut the credibility of the alliance structure. And I think it's very important for people in Australia and elsewhere who have valued the alliance and continued to believe that it remains central to our strategic interest. I think it's very important for those of us who believe that to be prepared to engage in the public policy debate and not allow the popularity

or otherwise of one person, or of one administration, to color the way we see the broader strategic relationship. And I think that's true in Australia. I think that's true in Europe.

Going back to North Korea, very briefly, I might just mention that Prime Minister Turnbull, I think you'll be aware, he was the one political leader who stated quite explicitly that an attack by North Korea on the United States would activate ANZUS and we would be at war with North Korea if the North Koreans, in the unlikely event, decided to do that. That's all I wanted to say by way of intro. I think it's better if we devote the time to a general discussion about those broader issues, and anything else you want to raise. I haven't mentioned India. There's lots of things we haven't talked about. (Applause.)

MICHAEL GREEN: Well, Dennis, thanks for that tour de force. I think everyone who's been here for that can see why Dennis – (audio break).

ANDREW SHEARER: (In progress following audio break.) What I thought we might do before just starting a little bit of a conversation about some of the many issues you've raised is ask my friend and colleague, Mike Green, just to – to give some responses to your remarks. And then we'll get into some Q&A. So, Mike.

MR. GREEN: Thank you. Thank you, Andrew. And thank you all for coming.

And, Dennis, it's great to have you back. And I mean, my main response is hear, hear. There's nothing I would disagree with. I wish that the debate about these issues in Washington had the same clarity, brevity – (laughs) – and focus on what our priorities are and what we have to do.

I also want to thank you, Dennis, for noting that today is September 11<sup>th</sup>. I was in the White House on that day. It was a beautiful day, not unlike today. And I remember very well – and mentioned this when we were in Canberra together two weeks ago – that it was a – for the White House staff, I was on the NSC, it was a very frightening, emotional, and in some ways lonely time. And when we were told – the staff was told – by the president that John Howard was going to move to invoke ANZUS, it was catalytic, it energized the place. And it shows what the alliance really, really means. When you're down, when you're facing a disaster and a tragedy and a threat of – the proportions of which we did not yet know, incredibly powerful emotional moment – one of the most emotional moments, I think, for us in the White House at the time.

You mentioned North Korea. I agree with you completely. I don't think there's a preemptive military resolution and there is not a diplomatic resolution. We may have diplomacy. We'll get very little out of it, in my view. And so the question, of course, then is how do you convince China that it's in China's interests to actually change the calculus in Pyongyang. That will not be easy. In my view – I'm going to put some of these things out you can react to or Andrew can. My view is that one of the most important ways to change thinking in Beijing is to demonstrate that the consequences of North Korea's actions are that our alliances in Asia are getting stronger.

I personally don't think saber rattling is a credible way because it has a short shelf life. You can threaten war only so long before it's not credible anymore. And I think the White House is, frankly, getting to that point. But if the effect of North Korea's weapons buildup is that our bilateral hub and spokes alliances out of defensive instincts become more aligned and, indeed, move towards a collective security kind of arrangement, that's a permanent structural and geopolitical consequence that Beijing

does not want to see. So we have it in our control, in some ways, to begin shaping China's calculus. That's primarily about Korea and Japan, but I think the Australia alliance is a big piece of it.

You mentioned briefly India at the end. I also think part of our strategy in dealing with the threats you mentioned is going to have to be putting in place a more consistently long range and, let's face it, patient strategy towards India, and then bringing in Japan and others as we seek to shape a region that's changing in the ways that you said. You highlighted the terrorist threat. We, in Washington, hear a debate in Australia, and participate in it, about whether the alliance has been overinvested in the Middle East for the past 15 or, some would argue, 75 years.

Your points about Indonesia I think remind us that it's not really a binary choice, that the Islamic threat, the terrorist threat – excuse me – the terrorist threat to Australia emanates from the immediate neighborhood, but is fueled by the Middle East. And so this is not a binary choice for Australia or for the alliance. The question – the hard question is how do you balance the resources you need to deal with the immediate Pacific neighborhood, China's rise, North Korea, but also stem the danger from the Middle East.

MR. RICHARDSON: Mike?

MR. GREEN: Yeah.

MR. RICHARDSON: Can I just say on that, you're absolutely right to bring in the Middle East there, and I should have mentioned it myself. The – basically, in Australia, historically over the last 20 years, you've got this dichotomy. The biggest threat to Australian interests abroad are in Southeast Asia. We had the Bali terrorist attack in 2002. We had the second Bali terrorist attack in mid-2005. And we've had other attacks there on the Marriott and the like, in which Australians have been killed, along with others. However, domestically in Australia, the threat – the domestic terrorist threat inside Australia does not emanate from Southeast Asia, but it emanates from the Middle East. It emanates from groups who are linked back to the Middle East in one way or another.

So we have rightly been actively involved in Iraq with you, and in Syria. And we are rightly actively involved with you in Afghanistan. And I've got to say, I thought President Trump's recent announcement in respect of Afghanistan was spot-on. I thought it was wise and it was wise and sensible. And I think that psychologically we need to accommodate our engagement in Afghanistan over the longer term. And he was right to remove timelines from it, because I think it's worthwhile remembering that the Afghan people welcome us, they want us there. And the Afghan government is trying to do its best.

It falls apart if it does not get financial assistance. You only need to know one thing about Afghanistan. It has less than \$3 billion available to its government from internal revenue sources. Iraq has multiples of that, depending upon the price of oil. Without financial assistance, the Afghan government can't survive. And without some solid military support behind that, in a selective way of the kind that I think President Trump has in mind, it becomes very difficult.

So when we think of terrorism, in Australia domestically, the threat relates back to the Middle East. Externally, the threat is greater in Southeast Asia. So we have to keep both those – both those things in mind. In terms of the Middle East and East Asia, we have this debate every year in Australia. Every white paper talks about East Asia. I would simply note we've had an Australian military

presence in the Middle East since 1947. And I suspect we may have one there in another 40 years' time. I don't know.

MR. GREEN: Well, I should wrap up and let Andrew start the discussion with you and with the audience. And thank you for that point. The last thing I would say is I'm glad you put on the table this debate in Australia, and the idea that some would use the unpopularity of our president, or the rising importance of China to Australia's economy, to challenge the credibility of the alliance. That's a challenge we should actually embrace and take on. And our alliances historically are stronger after these kinds of shifts raise questions, and we as democracies have to reengage – the political classes and the public and the media – about why this alliance is important.

And the reason I think this will end well is because friends of ours who raise these questions raise them in a kind of philosophical way. But when you actually ask, all right, then what will Australia do to secure its economic and political interests, there's no answer. So the critics of the alliance have raised structural questions or philosophical questions or political questions, but haven't really provided their own answer for how Australia would take care of the challenges you just described. And so that's on us, people who have worked on this alliance and care about it, to begin that discussion.

Last thing, I hope at some point you'll give advice to President Trump for his trip to Asia. This will be a critical visit, in two months' time. And I don't think anybody knows what he's going to say right now. So this is a great opportunity, while you're here, to start filling that blank piece of paper with thoughtful ideas. (Laughter.) Maybe people in the White House will take note.

MR. RICHARDSON: Well, what's that TV program, called, "Mission: Impossible," is it? (Laughter.)

MR. GREEN: Yeah. We're not going to burn the tape. (Laughter.) So thank you.

MR. RICHARDSON: Pleasure.

MR. SHEARER: Well, Dennis, you've put a huge amount on the table. One thing that I think would be really good to hear from you on is something that I think Australia is coming to terms with now. And it relates very much to this broader debate about the future of the alliance and where our relationship with China goes. But that's this kind of new element, I think, which is a sense in Australia of a much more active Chinese presence, and a much more active attempt to influence Australian opinion. And you touched on some of the sort of intelligence operations that are underway.

But there's been a lot of media interest question lately in the broader question of political influence in Australia. And not least, given your background as director-general of security, it would be great to get your perspective on that, and how you think Australia's responding to that, how effectively, and what it means for the broader –

MR. RICHARDSON: Yeah, I mean, up to a certain point attempts to influence is nothing new. It's a question of where you cross the line. And it's perfectly legitimate for China to seek to influence the domestic debate in Australia in terms of its own interests. I mean, up to a certain point, that's what you expect countries to do. That's what we all do in one another's countries.

I think with China, however, we have seen instances of money, political representation, and policy approaches. And if you get those three things combined, that's when I think you need to be very cautious and careful, because I think those three things put together cross a line. And I think – I think we have seen that. I think the response in Australia has, by and large, been robust and sensible. It's not been knee-jerk. It's not been panicked. It's not been over the top. It's just been very firm, very steady – i.e., this is a line, you've crossed it, step back.

MR. SHEARER: And just to extrapolate a little, because they're not unconnected I guess, China's behavior regionally – and you touched on it in your remarks – rapid military modernization, but obviously going well beyond that in the South China Sea, island building, military facilities, et cetera, just to use the same sort of reference that you made then – you know, at what point does that go over the line? And how should we be responding to that? What's the role of the alliance, for that matter, in responding to that?

MR. RICHARDSON: Well, I – first of all, I think we need to engage in the public debate. We should not allow any country to get away with building a myth that they alone have been around for thousands of years and they alone have a culture that goes back forever. In December of 2004, the chief of the defense force, Mark Binskin and myself, were in Hainan Island. And we had a morning with the Chinese institute for South China Studies – South China Sea Studies. And essentially a think tank of over 200 people funded by Beijing to provide the political, historical, geographical, and cultural justification for its claims in the South China Sea. Some very, very good people work in that institute. Some graduates of some of the top universities of the United States, and graduates of some of the top universities in Australia. It's good to help out. (Laughter.)

The interesting thing that I found in the presentation was how relatively weak the claims were. And of course, Australia does not take a position on the respective claims – and nor should we. But China's claim revolves around, one, a statement by Chaing Kai-shek in 1946 or '47, which they point out was not challenged by any regional country. To which the response is, well, Malaysia didn't exist. Singapore didn't exist. Indonesia was fighting for its independence. The Philippines was recovering from the devastating occupation, and so on. Japan lay defeated. So the world in which Chaing Kai-shek made that statement, whatever it was, and lack of challenge, needs to be seen in that historical context. The other thing was a cartographer's map of 1913. They were the two claims – they were the two points around which they built a presentation of over an hour.

I made a comment at the end of it that I thought it was all pretty weak, and didn't add up to a lot. It upset a few people. And the PLA general who was accompanying us made a comment afterwards that it had been a very poor presentation by the institute and that he would need to talk to them – which I'm sure he did. (Laughter.) But again, Vietnam and others have put military facilities on islands they claim, which they shouldn't do. And the United States, incidentally, when it does freedom of navigation exercises, people forget that it's not only challenged the Chinese, it has challenged also the Vietnamese. The United States has been very consistent and proper in the way it's conducted those freedom of navigation exercises.

But you – but you enter a different arena altogether when you create artificial islands and you build military facilities on them, and then claim that those islands generated territorial seas. And under the recent ruling by the tribunal in The Hague, very clear, that no such thing exists. What China asserts – some of what China asserts in the South China Sea has no standing whatsoever under the Law of the Sea. And it's a great shame, I think, that the United States has never ratified the Law of the Sea,

because it diminishes the moral and legal force of the U.S. argument, which it references a convention which it itself has not ratified.

So I think – I think our general position in respect to the South China Sea would be – would be helped considerably if that were to happen. However, it's not going to happen, therefore I can forget about it. However, that doesn't – that – what that means is that we have to – what China does not like is public reminders of what it's done in the South China Sea. Regional countries don't like it because it causes waves. We've got to continually put it out there publicly. If it makes people uncomfortable, that is a good thing. That, plus freedom of navigation exercises. Beyond that, I don't think there's much we can do.

MR. SHEARER: That's a great sort of plus, in a way, for the Asia Maritime Transparency Initiative here at CSIS, which promulgates, you know, unclassified satellite photography of what's happening there, and basically lets people see it. Because there's nothing like actually seeing this to bring it home.

MR. RICHARDSON: Right. Yeah, that's right.

MR. GREEN: Can I follow up, Andrew?

MR. SHEARER: Yeah.

MR. GREEN: That was a very helpful answer. You focused primarily on diplomatic, multilateral. You appropriately dinged us for not ratifying UNCLOS. But I came away a little less than satisfied, if I may. So let me ask you this: Everything you say is right, but in your view is the fact that China has now, against the will of the entire region and the international community, built four military air bases in one of the most trafficked bodies of water in the world – you know, from Australia's perspective arguably the approach to your northern flank, the connection between Japan and Australia and all the rest – does that not have some longer-term impact on how Australia should think about its maritime security, its force posture, its relationship with the U.S. militarily? Would you say more about that?

MR. RICHARDSON: Oh, yes. Well, I mean – well, I would simply note the rebuilding of the Australian Navy that is underway as a result of the 2016 white paper. And I would note our interoperability with your 7<sup>th</sup> Fleet. I would note that we, from time to time, have – we have chips that are made – that are part of your carrier strike groups from time to time. We do all of that. But I – you know, people say we must accept what the facts that China has created on the ground. Well, yes and no. I think – I think you've got to persevere and you've got to look out over the longer time. And I think you've got to – I don't think the countries of Southeast Asia like it. They're divided on it because Cambodia, Laos is essentially a client state of China. Cambodia and Burma, heavily influenced by China, understandably. That makes ASEAN consensus virtually impossible.

However, nothing is – nothing is forever. If the East Timorese – I remember having debates with people in East Timor in the early 1980s saying, oh, the Indonesians are never going to leave. You know, this is a new fact. Well, some East Timorese I was talking to put me straight on that point. And history showed the merit of perseverance. Now, I'm not saying that's going to happen in respect to the South China Sea, but this notion that new facts are created therefore we simply have to accommodate it, no we don't. We can respond and we can make it uncomfortable for others. And we should do so.

MR. SHEARER: That's a nice segue, Dennis, for talking a bit more about India, which you introduced, and Japan, and some of these other countries. You know, when you were thinking strategically about the region from – whether it was from, you know, defense or foreign affairs, what's your thinking about a broader regional strategy for Australia. Where do some of those key partners fit in? How far can we go with Japan? How far can we go with India? Are we – are we heading back towards the quadrilateral dialogue, for example?

MR. RICHARDSON: Yeah. Well, it'll be – with India, we are constrained by the speed at which the Indian bureaucracy are prepared to move, which is pretty slow. We have been seeking to take part in Exercise Malabar, which is the big naval exercise that India does with others, including the United States. We will get there, but the Indians – the first – it was – it was not until 2013 that an Indian defense minister visited Australia. So we're slowly developing that relationship. But you've got to think long-term.

Japan, I – there's more we can do with Japan. However, Japan also has its own interests, which don't always coincide precisely with Australia's interests. And so we need sometimes to be aware of the shades of gray there and the nuance. It's important that – with China, I've given a one-dimensional perspective up till now. But Australia was the first Western country to have a live-fire naval exercise with China in 2010/11. We – it took us two years to convince the United States and China to engage in a trilateral – an annual trilateral military exercise in Australia. You guys were cautious. The Chinese were cautious. It's a very small exercise that doesn't involved a lot at all, but it's a beginning.

And so we have – you know, we simply don't think of the region in terms of China bad, everything else must be lined up against China accordingly. We think of, as you do, engagement with China, trying to do – plus, also, putting in place and strengthening relationships, which are important in their own right. Our relationship with Japan and our relationship with the United States and our – and our relationship with Indonesia and with India are important, irrespective of China. If China today signed up an alliance with the United States, that would in no way diminish the importance of our alliance with you. If China and the U.S. became best friends tomorrow, I would not be arguing in Australia that that was a reason to give ANZUS away.

MR. SHEARER: Just one thing that we're working on here, Dennis, relating to what you were saying – and accepting your point that it takes time with India, it takes time with Japan. There are lots of constraints. So I think something that troubles a lot of us is that some of those threats seem to be a shorter – a shorter timeline than that sort of patient building up of relationships and structures. And, you know, North Korea, which you talked about, is a good example. But potential for miscalculation in the South China Sea, East China Sea, et cetera. How worried are you about, you know, the general state of the region?

MR. RICHARDSON: Well, it – look, it's going to undergo dramatic change in the next 20 years. China seeks to displace the United States as the dominant military power in the western Pacific. It seeks to weaken the U.S. alliance system in the region. It seeks to do so in respect of ANZUS. It seeks to do so in respect of the U.S. and Korea. And I, and if you look at China's force modernization, they now have their first aircraft carrier. Of course, it's limited in its capability. Of course, in terms of what they can and can't do it's pretty small. However, you project ahead 20 years, you project ahead 30 years, that's not very long. I mean, the Cold War ended 25 years ago.

Project ahead 25 years and, what, that is – that is 2042. By 2042, 2050 how many carrier groups will China have? What will China have in the South China Sea? What will its force projection

be? And what options are countries in the region going to be faced with in terms of their dominant trading relationship with China and their strategic interest in keeping the United States engaged? Now, that's on the negative side. Flip over to the positive side, there's not a country – there's hardly a country in the region – the irony is this: At a point in time when the United States questions its global engagement and commitments, the countries of East Asia want the United States actively engaged in the region like never before.

There has not been a time in the – since the Second World War that the countries from India to Japan have been so keen on U.S. engagement. And you leave aside North Korea. And you leave aside a couple of other countries. Ever other country in that arc would prefer to have – to have the dominant partner being the United States than China. That's a statement of fact. Now, that's not a bad position for the U.S. to be in, if it's prepared to take advantage of that. Hence, the importance of President Trump's visit and what message he sends. Hence the disappointment in respect to the TPP. But that's gone. There's no point in wasting too much time on that. But hopefully, over the next few years, something can be rebuilt there.

But the U.S., I think, in thinking about – in thinking about “America first,” the U.S. also needs to ask itself: Is there any conflict between “America first” and its relationships in East Asia?

MR. GREEN: Well, seeing as “America first” was a line that David Sanger of The New York Times used to describe the president's worldview about a year ago, and then-candidate Trump said, yes, that's what I'm talking about, I'm not sure how much thought has gone into what it really means aside from the historical parallels to pre-war isolationism that I don't think candidate Trump was aware of.

MR. RICHARDSON: Right.

MR. GREEN: So, you know, we – in other words, Dennis, it's possible to make it mean whatever the branding geniuses in the White House want to, which gets back to the question I wanted to ask you. How do you – what is the message? I mean, I personally am doubtful that the letters T, P and P will appear on the president's trip. Or, put another way, if they do, it won't be a good thing. So there's a vacuum there on the trade side.

But what's – is there – is there a message that would be well-received that could get through all of the media, including in this country and particularly in this country, who will be prepared to paint it negatively. What is the signal the region needs to hear? President Obama got an earful in his 2009 trip. In his 2011 trip, laid out TPP, the upgrading of the alliance with Australia and other things. It would be better that this president not do it in response or reaction to how the trip goes, but have thought about it. What – it's a bit of a hard question, but it's not quite “Mission: Impossible.”

MR. RICHARDSON: Oh, no, we – I think you simply need to talk with clarity and factually about the region and about U.S. engagement, interests and the like. I don't think there's any magic to it. I think it's as simple as that. President Trump came to the 75<sup>th</sup> anniversary of the Battle of the Coral Sea on the USS Intrepid in early May. And he spent the whole evening there. He was very engaged. I thought it was really excellent. And I think, you know, there was no effort to browbeat him on anything, but I think he probably left that evening with a sense of the Australia-U.S. alliance which he may not have previously understood historically. And I think there will be opportunities like that during his visit.

I don't think you need to lecture. And indeed, I wonder whether that would be the productive way to go anyway. But – and understanding just the U.S. economic interest in East Asia, both investment-wise. He – from a distance, he does appear to have a bit of a focus on merchandise trade flows. There appears to be a bit of a blind spot there in terms of investment flows. And when you look at wider financial investment flows in the region, the United States has vast interests. And I think it's a question of quietly getting that message across. I wouldn't be putting it across with anti-Chinese flavor. I don't think that is the right way to do it. There are messages there in respect of China and in respect of the U.S. There are messages there, but I don't think it should be put in terms of an either/or.

MR. SHEARER: A lot of the administration's messaging, from Cabinet-level at least, has been – has been fine. I think it's just the need to hear it consistently from the top.

MR. RICHARDSON: Yeah.

MR. SHEARER: I am going to open it up, but I do want to ask Dennis one more question – not least because of the anniversary that it is today. But just back to terrorism, because I think we're at the start of a new phrase of, you know, if you like to say the war on terror. I know some people don't like to say it. But it does seem to me that as the coalition succeeds in sort of squeezing ISIS further and further in Syria and Iraq, we're in a new phase where we're going to have this outflow of foreign fighters, we're going to have problems like you reference in the southern Philippines.

How should we be thinking about that? How serious is it as a threat? You hear this argument that, you know, more people die falling out of bed, which I always (try personally ?) to test. But some people argue that this is not a sort of existential, strategic threat, and therefore we should, you know, prioritize otherwise. Where do you stand on those?

MR. RICHARDSON: Well, it doesn't constitute a broader strategic threat in the same way as other developments do. However, you know, the – one of the reasons why those who want to say, well, more people die in traffic accidents than terrorist – one of the reasons why it cuts no ice is very, very simple. Most people take a view that when you get behind the steering wheel of a car and when you go to cross a road, you have some control over your life – some control over your own actions. There is a vast difference between being hit by a car crossing Massachusetts Avenue than going about your – the mundane business of living, walking down the street, being killed by a terrorist. I mean, that is not something over which you have control. That is outright murder. And people – most people are common sense. That's why I think the argument for those who seek to diminish the impact of terrorism on the psychology of countries are not listened to.

This is going – it'll morph out of Iraq and Syria in ways in which we don't understand and in ways that will surprise us. This will be something that will be with us for decades because – and elements of it can only be ultimately addressed within Islam itself. I think you need honest discussion. I think the notion that you will affect the substance of issues by not – by not referring to the war on terrorism, I just think is absurd. Whether you call it a war on terrorism or whether you call it something else, it has no impact on the – on the substance of what you're dealing with.

And there are – there are issues within Islam and Western societies that are being openly addressed by some Islamic leaders and others. And we should be able to have those discussions in a respectful way, in a way that respects religion, in a way that respects different cultures and the like. But to pretend that they don't exist and not to use the word Islamic terrorism – I'm a Catholic, and people say, well, you didn't refer to Catholic terrorism when it came to the IRA.

The IRA never claimed to represent Catholic ideology. They never claimed to be – they were a variety of things, but that's beside the point. You do have to give respect. You do have to be sensitive. But we shouldn't think that political correctness is the way through this. You've got to be sensitive, you've got to be proper and you've got to be respectful. You also require something called common sense.

MR. SHEARER: Great answer. Thank you.

I'm going to turn it over to the audience. We're going to go first to Stan. I'm going to ask that you wait for the microphone and please identify yourself. So Stanley Roth first. And then, sir, I'll come to you and Dick.

Q: Stanley Roth, no affiliation. Good to see you back in Washington, Dennis.

A comment and a question; the comment on North Korea. While I agree with you about the role of China, I wonder if it's too late when it comes to North Korea nuclear weapons and missile-delivery systems. They've had nuclear devices since 2006, stockpiles.

MR. RICHARDSON: Yes.

Q: I see unclassified estimates between 12 and 60 multiple delivery systems; don't know quite how far. But it's already happened. It's not clear to me that China is going to want regime change, even if it can bring it about, because who knows what they get. And does it lead to stability? So that's just the comment.

The question is about the alliance, because you made a point twice, beginning and end, about, you know, whether it's under attack by some in Australia. Elements, I think, was the word you used. And the question is, can we do something about it other than wait out President Trump?

And I'm wondering, back in the bad old days when the Japan alliance was under attack – Mike was very involved – you know, it was more on the economic side. But, I mean, there are a lot of people worried about the alliance. One of the mechanisms we used with some effect was wise men's groups; you know, getting people from both sides, you know, of the Pacific to get together, study, talk, publish about the alliance. It wasn't ad hoc op-eds or the occasional speech by a policymaker but a kind of more systematic effort.

Do you think something like that could do any good in this case? Because the alliance itself seems strong, right? The trade relationship strong, the security relationship strong. It's not as if the alliance is flawed, really.

MR. RICHARDSON: One – one, I agree with your suggestion, Stan. There is certainly scope for that. I think the most important thing is simply to engage in the public-policy debate. And some people are doing that; Kim Beazley, for instance, former ambassador here. Kim is doing it very actively. And others need to too.

MR. SHEARER: Michael, did you have –

MR. GREEN: Well, just the Japan case, Stanley, is illustrative. It's useful. It was different circumstances, but the economic basis of the relationship had shifted. It's for different reasons with the U.S. and Australia now, but that's a parallel. And the strategic mission, in a way, had shifted at that point with Japan. The Cold War had ended. The Japanese archipelago allowed Japan to basically defend itself and play a role in containment.

But in a post-Cold War environment, you know, what was the mission set? What were the – and that's a little bit similar to Australia too, because we face a more contested Western Pacific than we have for a number of decades. So in that sense, I think a kind of – you know, what did we call it? Redefining, reaffirming, whatever the process was, about the strategic purpose and the missions is useful.

I think the big difference is in those days you could get a lot of elites together and it would be credible. And we live in a world today where elites are less creditable. So it's going to take – I think it's going to take a broader kind of educational media, civil-society debate is my sense.

MR. RICHARDSON: And Michael, also I think it's important, Stan, for us not to think in terms of waiting out Trump. I don't think we should think in those terms. As far as I'm concerned, President Trump has been democratically elected. And as far as I'm concerned, he is the president. He is the head of the country with whom we have the most important alliance relationship.

For those who want to – who want to merge the alliance and Trump into one, I think they want to do that for their own purposes, because factually the alliance has never belonged to an individual and it's never belonged to one side of politics, either in the United States or Australia. And we need to continue to remind people of that. Therefore, I don't believe we should think in terms of waiting anyone out.

MR. SHEARER: Down the front here and then Cameron (sp). Up front.

Q: Yeah. Mike Mosettig. Thank you very much for your appearance.

You mentioned Kim Beazley. But I got the impression, particularly with the anniversary of the – the fall of Singapore back earlier this year – and a lot of Australian politicians were at the ceremonies – that there was a fairly sharp turn in a lot of Labor Party leaders, both past and present, saying, well, Singapore caused us to change our major defensive protection; maybe it's time to think about this again. And Labor is now the opposition. But if they keep calling elections that backfire on them, maybe they won't be the opposition that much longer.

Do you think that if Labor in office under Bill Shorten, or whoever becomes prime minister, would actively work to change the direction of Australia's alliances?

MR. RICHARDSON: No, I don't. I think both the opposition leader, Bill Shorten, and the opposition foreign-policy spokesperson, Penny Wong, are sensible on this. They have been consistent in what they have stated publicly. However, there are some former Labor leaders who have urged change. And there are some prominent people in the Australian Labor Party who have talked about the possibility of change. And it's precisely because of debates like that that are going on that it's important for others to engage in the public-policy debate.

MR. SHEARER: Down the front here, and then I'll grab the back.

Q: Thank you, Dennis. Cameron Stewart.

I wanted to ask you, just following on from that, yes, when you talked about elements that you are concerned about in Australia who try to exploit President Trump's unpopularity, you mentioned the former Labor leaders. Is there any other – what other elements do you consider, firstly?

And secondly, can I just ask you, you were mentioning before about the South China Sea, about how you'd like to see or you believe the U.S. and Australia should do what it can to make China feel as uncomfortable as possible, to be very vocal about a militarization of the islands. In that respect, do you feel now might be a time for Australia to join the U.S. in U.S.-style freedom-of-navigation missions in the region, given that we haven't done in the past?

MR. RICHARDSON: OK. In response to the first question, Cameron, I would – I would – I would question whether some of the comments made by some people in Australia about our relationship with the United States since the election of President Trump would have been made by those same people if Hillary Clinton had been elected president. And I'll bet you they wouldn't have been. And those same people are aware that the alliance has never been dependent upon personalities.

So there's a certain degree of intellectual honesty there. I may be doing some people an injustice, but I suspect, for the most part, many of the comments made since the election of President Trump about the alliance would not have been made if Hillary Clinton had have been elected.

There is an argument in Australia by some people that the election of President Trump represents a fundamental shift in American politics and that, whether it's President Trump or whether it's someone else, the nature of U.S. politics has so fundamentally changed that we're not going to get U.S. leadership of the kind we've become used to over the last 70-odd years.

Therefore, Australia needs to rethink, that is, a deeper argument that cuts into U.S. domestic politics. And on that I would simply say that even if you're inclined to that view, it is sheer nonsense to jump to that conclusion after a matter of months, before even the next election, the election after that, et cetera.

In respect to the South China Sea, I would query us doing freedom-of-navigation exercises with the U.S. I think we should simply do them. And however, we have always respected the 12 territorial miles around the disputed islands, because we've always taken the view that those islands do belong to someone. So we've been consistent in that.

However, there are features which, under any reading of the law of the sea, do not constitute islands and on which the Chinese have built facilities. I believe Australia and other countries should, as a matter of course, be sailing within 12 nautical miles of those features as a matter of course. It shouldn't be something that we – that we do once a year. It should be something that should be regular. And we all have an interest in that.

Now, whether we – you know, I don't think that's going to happen soon, but that would be my ideal outcome.

MR. SHEARER: That was pretty clear.

And the lady up the back, and then I'll come to John and then the lady in purple.

Q: Thank you, Secretary. Eunjung Cho with the Voice of America.

Is North Korea considered a direct security threat to Australia that North Korea may actually strike Australia? Or is this an alliance issue that Australia will step in and assist when North Korea strikes United States? And how is this North Korean missile capabilities taken into account in Australia's navy reformation? Thank you.

MR. RICHARDSON: OK. In respect of the last part of your question, a debate has already opened in Australia about missile defense. I think that debate is – and that's inevitable. I don't think missile defense for Australia is the answer at this point in time, for a variety of reasons, which I won't go into; cost being part of it. However, the debate has started.

In respect to the first part of your question, no, I do not believe North Korea constitutes a direct threat to Australia today. However, China has made statements in respect of Australia, because of our alliance with the United States, that are less than friendly.

MR. GREEN: Did you mean to say China?

MR. RICHARDSON: Oh, sorry. Oh, sorry. North Korea – I apologize – North Korea has made statements about Australia, because of our alliance with the U.S., that have been less than friendly.

Certainly the prime minister has made it clear, North Korea attacks the United States or any of its territories, ANZUS is engaged and we're at war with China – (laughter) – we're at war – we're at war with North Korea. And I think that is – that is explicit. I think it was the right thing for the prime minister to say. And I think there was a little bit of controversy around it, but I felt most Australians felt that the statement Prime Minister Turnbull made about North Korea, ANZUS and the United States was a pretty reasonable one.

MR. SHEARER: Sorry. Alan Dunn, at the back there.

Q: Thank you, and welcome back to Washington. Thank you for that tour de force of issues.

There's one major country that hasn't come up in our discussion yet. And if you've been reading The New York Times, as you say, you've noticed that here in Washington we have – or here in the United States we have a lot of talk about Russia.

MR. RICHARDSON: Yeah.

Q: And I'm wondering if you could share with us some of the perspectives that Australia's foreign-policy leaders have with respect to the current kerfuffle going on between the U.S. and Russia.

MR. RICHARDSON: Yeah. First of all, Alan, we watch that pretty closely, because we'll be really interested in the outcome of the special counsel Mueller's investigations, mainly from the point of view of what degree of influence did the Russians seek to engage during your election.

We have similar vulnerabilities, and it's led to an active debate in Australia about – we have paper voting. We don't have electronic voting. I suspect what has happened in the United States will probably slow down the introduction of electronic voting in Australia. So we'll be really interested in that.

Russia does not loom as large on the Australian strategic horizon as does China and other countries. However, Russia does like to see itself as a global player. It is a member of the East Asia Summit, and it does like to see itself as being able to project power globally. So when the G20 met in Brisbane in 2014-15, the Russians made a point of sending a small number of cruisers and other naval vessels down offshore from Australia while Putin was there.

Now, whether that's because he thought Prime Minister Abbott might shirtfront him and he might need a bit of naval assistance, I don't know. But we have taken a consistent position with you and with Europeans on Ukraine and other big issues like that. And we're constantly disappointed by Russia's approach at times to North Korea and other issues that directly impact on our security.

MR. SHEARER: John Kehoe down the front here, and then the lady in purple.

Q: Thank you.

Hi, Mr. Richardson. John Kehoe from the Australian Financial Review.

If China has crossed the line in terms of trying to unduly influence the politics and policy in Australia, and Australia has now pushed back against that firmly and said that it's not on, do you think China's behavior to date has changed because we have pushback, or do you think they're still as aggressive as ever?

MR. RICHARDSON: I think it has given pause for thought. I don't think – I don't think their more covert activities will change at all. That's not in the way – in the nature of the way the world works. But I think some of their more overt attempts to influence, I think – I think they're thinking twice about some of that.

MR. SHEARER: And just here in the center aisle.

Q: Hi. Thank you. I'm Chen Liu from China's Xinhua News Agency.

MR. RICHARDSON: Yeah.

Q: And I have two questions just related to the North Korea. One is about China. So in your views – I mean, all the three speakers – what do you think the U.S. government could do or should do to persuade China that more should be done before things are just getting worse? Because now people are talking about more economic sanctions on Chinese companies just related to doing business with North Korea, even talking about the sanctions on the big Chinese companies or banks, like the Bank of China or even the Commercial Bank of China. So do you think that's really a possible thing or could be working?

And second is about Japan and South Korea, because after this nuclear test and the ballistic missiles flew in just over Japan, it is really rational just for Japan and South Korea to become kind of a panic. And I think the U.S. has already agreed to sell more antimissile systems or weapons to the two

countries. So it is not so impossible if the two countries just ask the U.S. that maybe we should develop our own nuclear weapons or maybe you should give us the nuclear weapons. So how serious do you think that the U.S. government will consider these options? Thank you.

MR. RICHARDSON: OK, a couple of questions, one in terms of sanctions on Chinese companies. I'll leave that to Mike to address.

I was in Dandong last October, on the border of China and North Korea. And you can't be there without being struck by the never – by the endless line of trucks going from China into North Korea – endless, endless line. You can wait – you can be there all day. You can be there for 48 hours, and you'll see nothing but an endless line of trucks moving in.

So without knowing the details, I suspect there is more that China could do, noting that China has taken some very welcome actions a few months ago in respect to the import of iron ore and the like from North Korea. So I do acknowledge what China has done there.

In respect of South Korea and Japan, when I've spoken to the Chinese, I've said, look, I'm not speaking for the Australian government, but how do you see all this playing out in terms of your own strategic environment and interests? Do you – do you, China, consider that it's in your strategic interest to see a nuclear-armed Japan, a nuclear-armed South Korea?

And I said that might appear exaggerated at this point and is not an immediate possibility. But if North Korea continues to go down the path it is, and if it continues to talk the way it talks, how do you expect countries like Japan and South Korea to ultimately respond? It may not be for another 20, 30 years. I mean, it would take an enormous change in Japan for Japan to think in terms of acquiring nuclear weapons. It would be a watershed. It would – you know, it would be traumatic; so highly unlikely at this point in time.

But you don't know where things move. And I don't think – I think China needs to think about this very carefully, because I think – I think if you look ahead 20 years, I don't think you could exclude the possibility of Japan and South Korea moving in that direction if we don't get change in North Korea.

The final thing I might say in respect of North Korea, I would be – I would rest easy at night if the regime in North Korea was a genuine Beijing puppet. I – I have confidence in China as a nuclear power. China's record on nuclear proliferation has been pretty good. China, by and large, has been a highly responsible nuclear power. Any regime that was a complete puppet of Beijing's, I would feel – I would feel more comfortable with. But that's another story.

MR. GREEN: Well, Dennis wrapped it up very nicely and I think answered your question in ways I'd completely agree with.

I do think second – so-called secondary sanctions against Chinese firms are likely. I don't think it'll be the biggest banks. But the reality is you don't have to go to Dandong. There are plenty of reports about Chinese companies that are providing dual-use materials to North Korea in complete violation of existing U.N. Security Council sanctions. And that's just not something that is going to be tolerated, I think, by any administration in the U.S. But that's where we are right now.

Hopefully where this leads is to a much more active effort to cooperate between the U.S. and China to constrain North Korea's ability to not only import materials, but also, as Dennis said earlier, begin putting in place ways to stop them from exporting or proliferating. And this is a – this is a vital, vital interest for the U.S., a major threat to our allies and to our homeland. And if Beijing doesn't get more serious about helping us, it's going to be damaging for U.S.-China relations. There's no way around that. But I think we have an opportunity to build those patterns of cooperation because the North Koreans are basically forcing us to start thinking about new ways of dealing with them.

MR. DONALDSON: I mean, no one – North Korea has the potential in extremis to draw the U.S. and China into a conflict. No one wants that. That's in no one's interest. But I – you know, and I recognize that China considers North Korea to be a very close ally in its own way. They fought together. They shed blood together. And I know that's important within the PLA. I've had PLA generals talk very persuasively to me about their sense of shared sacrifice with North Korea. I fully understand that.

But where is the Northeast Asia strategic environment going to be in 20 years' time if China does not become more serious about this? Where are we going? And again, it's the proliferation threat that worries me. There was a report done for the U.S. Congress in 2009 by a Harvard professor on the threat of a nuclear attack in the U.S., and they rated the chances at about 50 percent out to about 2030. That is, a terrorist nuclear attack.

And the U.S. has to think about a terrorist attack using a nuclear device in a way in which other countries don't have to. Australia, by and large, doesn't have to think in those terms. China is not going to be a victim of such an attack. The U.S. could be. Therefore, North Korea and proliferation raises issues for the U.S. which really go to your homeland security. And I don't think a lot of other countries understand that.

MR. SHEARER: Well, that was a pretty sober vintage Richardson note on which to wrap up our proceedings. Our time has gone. It's gone quickly. And that's, I think, a testament not only to how interesting Dennis is, but how engaging he is also.

So I'd like to thank everyone for coming. I'd like to thank Conor and Jesse for setting up the event, and the CSIS events team, Amy, and Mike.

And also, finally, I'd just like to ask you to join me in thanking Dennis. It's great to have you back in D.C., Dennis. (Applause.)

(END)