

**Center for Strategic and International Studies**

**Afternoon Keynote Address by Admiral Philip S. Davidson at the Third  
Annual ChinaPower Conference**

**Subject: “China’s Power: Up for Debate”**

**Featuring:**

**Admiral Philip S. Davidson,  
25th Commander of United States Indo-Pacific Command (USINDOPACOM)  
(Via videoconference)**

**Moderator:**

**Ambassador Derek Mitchell,  
President, National Democratic Institute;  
Former U.S. Ambassador to Myanmar**

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(AS PREPARED REMARKS)

Thank you, Derek, for the kind introduction.

I'm grateful for the opportunity to talk to you about the Indo-Pacific region. I know there were a number of great discussions earlier today on the implications of China's rising power and the implications for the international community.

I firmly believe the **security** and **prosperity** of the Indo-Pacific will be the engine that drives global economic development, and it is in all of our interest that the international community play an active role in preserving the rules-based international order.

This is where the United States' free and open Indo-Pacific strategy comes into play.

### **Free and Open Indo-Pacific**

You have likely heard the phrase "Free and Open Indo-Pacific" quite a bit in the past year.

President Trump announced a vision - or end-state - for a "Free and Open Indo-Pacific" when he traveled to the Region last year, and Vice President Pence, Secretary of State Pompeo and others have further defined that vision.

It may seem self-evident, but let me offer a few thoughts on what we at USINDOPACOM believe when we say "Free and Open Indo-Pacific."

We mean "Free" both in terms of security – being free from coercion by other nations – and in terms of values and political systems.

There is agreement that free societies respect individual rights and liberties, to include the freedom to openly practice their religion; free societies promote good governance; and free societies adhere to the shared values of the United Nations Charter and the Universal Declaration of Human Rights.

"Free" means nations do not have to choose who they trade with and who they partner with because of fear or coercion.

An "Open" Indo-Pacific means we believe all nations should enjoy unfettered access to the seas and airways upon which our nations and economies depend.

An "Open" Indo-Pacific includes open investment environments, transparent agreements between nations, protection of intellectual property rights, fair and reciprocal trade – all of which are essential for people, goods, and capital to move across borders for the shared benefit of all.

While the term "a free and open Indo-Pacific" is in fact new, the underlying values and principles the vision speaks are **not** – in fact, this is how the U.S. has approached the region throughout our 240+ year history.

Further, we are seeing a general convergence around the idea of a free and open Indo-Pacific across the region – as Japan, Australia, New Zealand, and India have all put forth similar concepts or visions.

By clarifying our vision for a free and open Indo-Pacific, we reaffirm with zero ambiguity the United States is an enduring Pacific power, and preserving a free and open Indo-Pacific is a core interest of the United States.

When I took command back in May, I said that for more than 70 years, the Indo-Pacific has been largely peaceful; in most ways, this was made possible by two things: the commitment of free nations to the free and open international order... and underwritten by the credibility of the combat power within U.S. Indo-Pacific Command.

China was one of the biggest beneficiaries of these conditions and it enabled China to become the 2nd largest economy in the world, lifting millions of people out of poverty at a pace never achieved before.

But now China is trying to change the very rules they have benefited from.

### **The China Debate**

Often times, when we think of coercion, we think in military terms and violent outcomes, but with the Chinese Communist Party's desire to keep disagreements just below the threshold of armed conflict, coercion has become particularly evident in the sphere of economics.

It is problematic when countries promise loans and improve infrastructure and economic development, but have a much more opaque intention underneath.

When nations accept loans for more than they can possibly afford – often secured through corruption – borrowers quickly find themselves deep in debt and on the path to default, with the lender gaining leverage against the borrower's sovereignty.

This is not right, and it is not new. It is debt-trap diplomacy, or as some say, “predatory economics.” It is a pernicious and insidious challenge to many in the region today.

The U.S. opposed such practices in the 19th and early 20th century and continues to do so today.

We see similar coercion with the PRC's militarization of features and a sustained campaign to intimidate other nations in the East and South China Seas, while also making excessive territorial claims that the Permanent Court of Arbitration in The Hague does not accept.

The intensifying competition between the U.S. and China is not just driven by the traditional dynamics of power politics between an established and emerging power.

Rather, I believe we are facing something much more serious – a fundamental divergence in values that leads to two incompatible visions of the future.

Chinese senior officials openly express dissatisfaction with the existing world order which they describe as built and led by the U.S., rooted in American or western values and operating to Washington's great benefit but to the detriment of other nations.

So China is looking to change the world order to one where national power is more important than international law; a system where the “strong do what they will and the weak do what they must.”

Since 1978, U.S. policy toward China has focused primarily on increasing the levels of engagement and inclusion with China, with the intention of bringing them into the community of nations.

As distasteful as China’s tactics have been, we recognize the need to continue to find ways to address many of the problems that have been discussed.

Engagement is critical to designing the solutions that will help promote and advance a free and open Indo-Pacific.

So the U.S. will continue to cooperate where we can, but as the National Defense Strategy makes clear, compete where we must. The stakes in the region are just too high.

### **So What Do We Do Going Forward?**

So what do we do, and how do we respond, to those who reject our vision of a *Free and Open Indo-Pacific*?

Well, the most obvious point – and one made abundantly clear in the U.S. National Security Strategy – is that whatever we do, we must do it together, which means we need to start by identifying areas of agreement.

From my travels around the region, I’ve found three specific areas where I believe we can ground our efforts to advance a Free and Open Indo-Pacific: Our **values**, our **interests**, and our commitment to our mutual **security**, so that all may prosper.

First, the vast majority of nations across the region do share similar **values**, including the core belief that governments should be chosen freely by their citizens and are, therefore, accountable to their people.

Foreign interference in our governments, intellectual property theft, suppression of religious beliefs, malign cyber activities, and attempts to override state sovereignty using fear and coercion all run counter to the idea of a Free and Open Indo-Pacific.

We must stand together in support of our shared values and be unambiguous in condemning those who attempt to undermine those values.

I know it’s easy to become distracted by the differences between our nations and to think of them as larger fissures, but that’s just not the case.

While the Indo-Pacific is one of the largest and most diverse regions on Earth, these differences are actually strengths; and the thousands of miles of ocean and sky between us do not divide us, but in actuality, they are the **connective elements** that **bind us together**.

Second, the vast majority of nations in the region share a common vision of the **economic** strength of the Indo-Pacific. Economists know the future of global economic growth is in the Indo-Pacific, and that free and open trade are the keys to that future.

But we know all nations can advance together in ways that benefit everyone involved, and we want to do it fairly.

Where America goes, we seek partnership and collaboration, not domination. We do not believe in using loans as coercion or development as a weapon.

We seek to work with anyone to promote a free and open Indo-Pacific, so long as that cooperation adheres to the highest standards that our citizens demand.

For example, the United States' Overseas Private Investment Corporation, or OPIC, has a portfolio of \$3.9 billion invested in the Indo-Pacific alongside American firms in energy, healthcare, and banking. For every dollar that OPIC has invested, the private sector has more than doubled it.

And just this past September, the United States passed and placed into law the Better Utilization of Investments Leading to Development Act, or BUILD Act, that will make it even easier for America's private sector to invest in developing countries to create economic partnerships and stimulate economic growth.

We know nations can advance together without sacrificing sovereignty or making corrupt backroom deals, because the power of private investment has lifted billions out of poverty since the end of World War 2, and we are confident that it will continue to do so.

Third, the vast majority of nations in the Indo-Pacific also share similar **security** concerns and challenges. In fact, cooperating on security is at the heart of a Free and Open Indo-Pacific.

Of course, security cooperation is more than fighting together in wars; it also means preventing war by presenting a credible deterrent to would-be adversaries.

Security cooperation includes working together to respond to humanitarian crises and natural disasters, such as relief for the earthquake and tsunami that struck Indonesia just two months ago.

Security cooperation also means working together in areas like countering terrorism, illegal drugs, illegal-unreported and unregulated fishing, and human trafficking.

In brief, cooperating in times of peace AND war to make our people safer and the Indo-Pacific more secure.

Thinking about values, interests, and security independently helps us identify common ground, but it's important to remember that these concepts actually intersect, and challenges to one area have ramifications across all three. Perhaps the best example of this is in the South China Sea.

Earlier this decade, the PRC ignored international law, disregarded legitimate claims from smaller countries, and built a number of illegal features in the South China Sea.

Then, despite President Xi's 2015-promise not to militarize these features, the PLA secretly deployed

anti-ship missiles, electronic jammers, and surface to air missiles (also known as SAMs) earlier this year.

As I mentioned in my remarks in Halifax, what was a “Great Wall of Sand” just three years ago is now a “Great Wall of SAMs” in the South China Sea, giving the PRC the potential to exert national control over international waters and airspace through which over 3 trillion dollars in goods travel every year, along with commercial air traffic, as well as information and financial data through undersea cables.

The PRC says they’re militarizing these features in order to defend Chinese sovereignty, but in doing so they’re now violating the sovereignty of every other nation’s ability to fly, sail, and operate in accordance with international law.

But let me be perfectly clear, when we talk security or freedom of navigation, I’m not talking about a Chinese ship’s unsafe and unprofessional act towards an American ship in the South China Sea.

We are talking about the security and the right of all nations to trade, to communicate, to send their financial information and communications through cables under the sea.

Let me give you a few numbers that demonstrate the importance of freedom of navigation in the South China Sea:

- Nearly a third of global maritime trade, roughly 3.5 trillion dollars, goes through the South China Sea every year
- Almost a third of global crude oil and over half of global liquefied natural gas passes through the South China Sea each year
- The sea lines of communication that criss-cross the South China Sea carry trillions of dollars in trade annually

Through militarization, excessive territorial claims, debt-trap diplomacy, and intimidation campaigns, short of war, China has the ability to control the South China Sea and cut off the flow of trade, finance, and communications in South East Asia, an area on which the entire world’s economic future depends.

Further, in the ongoing negotiations over a South China Sea Code of Conduct, the PRC is pressuring ASEAN states into granting China de facto veto authority over who ASEAN states can sail, fly, train, and operate with in the South China Sea.

If ASEAN agrees to the language, China could prevent ASEAN nations from training with the United States, Australia, Japan, and other nations in international waters.

Thankfully, strong ASEAN nations are resisting Beijing’s efforts, and I was happy to hear one of the major announcements out of the recent ASEAN Defense Ministers’ Meeting Plus was that ASEAN would conduct a major maritime exercise with the U.S. and others next year.

But China is indeed aggressively trying to dictate to ASEAN what an international order, with Chinese characteristics, looks like.

This past October, Chinese Navy officials from the Southern Theater Command gave a presentation to visiting heads of Navy participating in an ASEAN-China maritime exercise.

During the presentation, Chinese officials presented a slide showing the South China Sea and the nine-dash line, with the presenter stating the slide depicts sovereign Chinese territory, the area inside the nine-dash line was indisputably China's, and it is the responsibility of the Chinese Southern Theater Command to enforce Chinese sovereignty in the area, regardless of other countries legitimate claims.

The slide and accompanying voice over were controversial with the ASEAN group and angered several of the participants, although none publically challenged the presenter.

Rather than using the maritime exercise to bring China closer to ASEAN countries, China used it as a way to again challenge them and aggressively reinforce their claims.

We must stand together in support of ASEAN – indeed all nations – while also standing together in support of the idea that all nations have the right to fly, sail, and operate wherever international law allows.

## **Closing**

In closing, I would like to make one additional comment on the perception of choice.

The United States is not asking anyone to choose. The very phrase “Free and Open” obviates that question.

The United States helped set the conditions for a free and open Indo-Pacific following World War II by setting other nations free. What is clear is the region, especially China, has mainly benefited from that international rules-based order.

But China must realize that being a great power comes with even greater responsibility. Great nations lead forward toward a compelling vision of the future. This means a China embracing a new paradigm, based on their extraordinary economic accomplishments and foreign policy influence.

A change in China's behavior will only be possible with the international community's collective pressure and the realization by the leaders of the Communist Party that a free and open Indo-Pacific is to the betterment of all in the region, to include China.

Though not every nation has the capability or the will to directly challenge China, every nation still has a role to play.

Even a nation as large or powerful as China knows it lacks the ability to challenge us when we are unified towards a common purpose.

When strong nations stand up – and stand together – for a free and open Indo-Pacific, we send a signal that it's okay to resist – and that signal will be heard by those nations absorbing the full weight of Chinese malign influence.

Yes, there is still much work to do, but the invitation remains an invitation to all, including China.

Thank you for having me join your discussion and I look forward to your questions.

(Applause.)

**DEREK MITCHELL:** Well, thank you very much, Admiral. That was an excellent speech and a good way to, I think, start a good Q&A discussion. A couple points I may start with. One, I think it's great that the day ends with a conversation like this because thinking about U.S.-China relations it's always important, I think, not to look at it in isolation, that U.S.-China relations are important in and of themselves, but really we have to think about it in a broader context. U.S.-China relations in pursuit of what interests? In pursuit of what U.S. interests, what international interests? And I think what the admiral is getting at is that bigger context, particularly in Asia, given his AOR.

Secondly, I thought it was quite a unique speech, in the sense that as you talked about it was connecting values, interests and security. A lot of talk of economics. A lot of talk of trade. A lot of talk of the broader – it's somewhat, I thought, unique for a Pacific – Indo-Pacific commander to be talking in that broader sense, though I think it does represent the way people are now thinking about national security. There was an issue, I think an initiative here at CSIS earlier in the week, talking about gray zone activities, things that are not quite war, not quite peace, but somewhere in between, that suggests concern about an aggressive intent that affects American or broader national security, that goes beyond the traditional realm that you would think an Indo-Pacific commander would be thinking about. And I think that speech represented that concern about gray zone activities – a perception of aggressive intent, even if it isn't purely military.

So I would be interested to get more Q&A on that. And maybe the first question I will ask, though, is on the purely military, to take you back to, I think, the core of what Indo-Pacific Command typically does. And particularly reading about these close encounters. You talk about the South China Sea and free and open, and ability to sail, fly and operate through the South China Sea. But we've seen some really close incidents where it's getting – it's getting much more dangerous. I saw it when I was in the Pentagon. I was involved in that in the year 2000. We were almost 20 years from some of these encounters in the air, where it forced a lot more discussion about unplanned encounters. We now have CUES, the Code of Unplanned Encounters at Sea. We had before that, you know, a different initiative.

Can you tell us how concerned you are, Admiral about this? How close is it getting? How concerned are you that it can lead to what is probably the way most people think this thing might play out in an aggressive or in a military way, which is some kind of unplanned incident that then spirals out of control to real conflict. Where is this leading, and how are you viewing this challenge and danger?

**ADM. DAVIDSON:** Well, I don't really agree with the concept that it's leading somewhere, right? So we track unsafe and unprofessional encounters really across the globe with all nations around the world, as I mentioned. I don't really think that you're seeing a trend that would indicate that you're going to end up in a situation that's out of control. Like, reporting in the press while you were all asleep is today's FONOP that we conducted here just in the last 72 hours. And there was nothing but safe and professional interaction.

I think the important thing to take away from this is that in the last three months you're seeing a larger number of nations operating in the South China Sea. So in September you saw Japan and the United

States exercise together within the nine-dashed-line. You saw Australia, New Zealand, the United Kingdom, France in the several months beforehand – all have started to operate in this area, assert the rights to operate in international sea space during this conflict.

Back to you.

**AMB. MITCHELL:** OK. Thank you, Admiral.

We have about 15 minutes. And I do want to give people a chance to ask questions. So let me leave it to the audience. Yes, sir. And please identify yourself when you ask.

**Q:** Hi. I'm Dan Sagalyn from the PBS NewsHour.

I'd like to ask you a question about South Korea. What impact is the suspension of large-scale exercises having on the ability to be ready for dealing with any kind of contingency in South Korea? And then my second question is, what part of the Belt and Road initiative do you find most problematic?

**ADM. DAVIDSON:** So the first question, we're not suffering any readiness impacts from the cancellation of Ulchi and Freedom Guardian here a few months ago. I think as Secretary Mattis indicated to the press corps last week, we have an exercise coming up called Vigilant Ace. And we've reorganized that a little bit. That's in order to sustain the readiness needs that we have for the tactical and operational end there in Korea.

Can you tell me your second question again? Oh, the One Belt, One Road. Can you give me the specifics of it?

**Q:** Well, the general question is what do you find most problematic with the Belt and Road initiative? What concerns you the most about that whole program?

**ADM. DAVIDSON:** Well, it's a very pernicious approach that China has taken to the region, using the economic tool of death trap diplomacy. It is not using its funds in a way that respects the international order's rules for lending and viability of these things. And one of the first things that occurred after I took command was I went to Shangri-La. And all the buzz was about Hambantota Port in Sri Lanka the first week of June. It was also the week that The New York Times printed an op-ed about Vanuatu, which, you know, I think when an outlet like The New York Times publishes an op-ed about Vanuatu that says a lot. And the region has woken up to this. And the region, that it—this is more than just to everyone's mutual benefit. As the vice president indicated two weeks at APEC, it's a one-way road back to China.

**Q:** Admiral, Dr. Stan Weeks, SAIC and former naval officer.

My question is about maritime domain awareness or maritime situational awareness. How do you define it? And how, working through your fleet component and the maritime security initiative, are – does that fit into the bigger picture here?

**ADM. DAVIDSON:** Well, you know, the real value, particularly in a region as vast as the Indo-Pacific, of maritime domain awareness is information sharing that's essentially the underlying policy that you're trying to assert, right, by coming to an MDA or a series of maritime cooperating center –

you know, information sharing centers. And that's the idea that it's in everyone's interests and enhances their security, you know and might have an economic benefit as well, to share information collaboratively and cooperatively in that regard. So there are a number of initiatives in the region – some INDOPACOM led, some Navy led, some Coast Guard led, some led by other nations in the region – that have helped to put several different networks of information sharing in the maritime out in—across the Indo-Pacific.

And really, one of our objectives with the MDA approach is to, you know, continue to flesh these out, maybe even find the places in which we can come to commonality in these networks so they're of useful utility in really every environment – you know, commercial, certainly countering terror and fighter flows in the maritime region, and the overall security.

Others? Yes, ma'am.

**Q:** Thank you. Syal (ph), reporter from Voice of America.

Admiral, an hour ago we were discussing whether China has the ability to control the South China Sea in all scenario short of war. And I'm just wondering, what's your view here? Thank you.

**ADM. DAVIDSON:** Well, I talked about that a little bit in my remarks, that the threat of declaring, asserting, you know, essentially a national right over this international body is capable of disrupting the trade, the commerce, the information flows, the financial flows, not just in the concept of two ships operating on the surface of the sea there but from the bottom of the sea and north. It's going to take a concerted effort, as I mentioned in one of the earlier questions, by the international community to assert those international rights that have been established in the United Nations, you know, asserted over centuries of maritime tradition and, ultimately, law, now, and then, you know, fought for in international courts. That's important. And all of us need to come together to assert those rights in the region.

**AMB. MITCHELL:** Yes? Sir, did you have a question?

**Q:** I suppose as a commander of Indo-Pacific Command you're obviously in charge of pretty much the carrying out of United States-Republic of Korea alliance, which is, we fear, is being eroded by the actions of South Korean government. How much of this sort of demilitarization policy of Moon Jae-in government of concern to you? Do you think the U.S.-ROK alliance will continue beyond Moon administration? Do you ever consider evacuating U.S. personnel from South Korean soil?

**ADM. DAVIDSON:** I think the U.S.-Republic of Korea alliance there has been the bedrock of our security needs in Northeast Asia for, you know, nearly seven decades now. I'm quite confident that the dialogue going on between the Republic of Korea and the North and the dialogue with the United States is transparent and open between our two allies. I think that's affirmed in every call that I have with the commander of U.S. forces in Korea and the commander of the Combined Forces Command, General Abrams now, General Brooks before him. And it's absolutely true in all the dialogue I have with my counterparts in the Ministry of Defense of the Republic of Korea. I'm quite confident in our alliance.

**AMB. MITCHELL:** OK, yes?

**Q:** Hi, sir. Thank you for doing this. Mallory Shelbourne with Inside Defense.

During your confirmation hearings, Senator Cotton asked you about the possibility of Taiwan participating in military exercises with the United States. Since you've taken up your posting, has there been any movement on that front?

**ADM. DAVIDSON:** To be frank, no. There hasn't been any movement on that front here.

**AMB. MITCHELL:** OK. (Laughter.) That's a straight answer. Very good. I have to turn to Bonnie.

Bonnie, question?

**Q:** Thank you, Admiral Davidson. This is Bonnie Glaser. I really appreciate your willingness to talk to us today and take a few questions.

Returning to the South China Sea, yes, the vast number of countries in the region, and really globally, want to see countries' navies operate – fly, sail and operate, wherever international law allows. But there are also countries in the region that have other concerns, particularly Vietnam, the Philippines, that would like to develop the resources within their exclusive economic zones. And so the United States, in my view, is doing a very good job with the FONOPS program, but what are we doing and what can we do to help those countries develop those resources that under international law are rightfully theirs?

**ADM. DAVIDSON:** Yeah, no, I think this is where the vice president's speeches over the last few months, while not directly addressing this, but his point about our interests and values in the region I think speak here. And I think some of that activity that you've seen the government – our government – take in a whole-of-government sense, with the BUILD Act, where the speech that Secretary Pompeo gave to the Pacific Island Business Forum back at the end of July, you know, the United States wants free, private investment, which has been the engine of pulling people out of poverty in the region, including in China – (laughs) – for the last 70 years, that if we unleash that private investment, partnerships and relationships with these other countries, that will enable them to fully use the resources in their economic – their exclusive economic zones.

**AMB. MITCHELL:** Very good. Yes, sir?

**Q:** Yes. Admiral, I'm a retired State Department Foreign Service officer, Mike Anderson (sp).

I'd be interested in your update on our military cooperation with the Philippines, which is our, one of our few treaty partners. Is there still a terrorism threat in the Philippines? And how are mil-to-mil relations going?

**ADM. DAVIDSON:** Our mil-to-mil relationship is quite good. I think, as you know, we, the United States, Australia and others gave the assistance of the armed forces of the Philippines and the Philippine National Police force Special Action Forces in the fight in Marawi City last year in 2017. The AFP and the PNP staff acquitted themselves quite honorably and bravely there. You know, I remind people in the region frequently that Marawi is no village; this is a city of 200,000 people. And the AFP's and PNP staffs' effort there to eradicate ISIS was an important, critically important effort. And it's gone a long way to reinforcing the mil-to-mil relationship with them. We continue with Australia and others to assist intelligence, surveillance and reconnaissance support and some advice

and assistance to the AFP and the PNP staff in the wake of the Marawi fight, and I think it bodes well for our future and getting our alliance back on a solid footing in the future.

**AMB. MITCHELL:** OK, another question? It's been a long day.

Maybe, if we have – I'll do one more question, if I can. We'll let you go after this.

We've talked a lot about the challenges from China. I think there was a lot of talk today about challenges and all the time in Washington we talk about the challenges from China. What do you see as the leading opportunities, from your perspective, at Indo-Pacific Command? Where do you see possibility for working together with China, either in the military or other spheres?

**ADM. DAVIDSON:** Well, you know, as I mentioned at the end of my speech, the rules-based international order we've had has benefited all of us since the end of World War II, and we welcome China in that international order. There's plenty of opportunity – humanitarian assistance, disaster relief, and in fact, just this month, in November, my Army four-star component, the USARPAC commander was in China with a disaster management exercise in progress with us and the Chinese, and meeting with his counterpart there. It shows what the opportunity is, as long as we're willing to work inside the rules-based international order.

For those who are solidly there, you're seeing a general convergence in the region around strategy – I mentioned that in my speech – certainly Japan, Australia, New Zealand with its strategic concept that just came out in the very recent – this summer, actually, July – Prime Minister Modi's speech in Shangri-La. You're seeing a general convergence around the idea that a free and open Pacific is in everyone's interests and that if we work together we can achieve that outcome.

**AMB. MITCHELL:** Well, Admiral, thank you so much for your time. Even 45 minutes out of day I know is a big imposition – (laughs) – for you in your position and I know I speak for Bonnie and CSIS when I say thank you very much for both your remarks and your desire to take Q&A.

Please, everyone, thank the admiral for his contribution. (Applause.)

**ADM. DAVIDSON:** Thank you very much. I appreciate it.

**AMB. MITCHELL:** Wonderful. And with that, should I adjourn?

**BONNIE GLASER:** Yes.

**AMB. MITCHELL:** I adjourn on behalf of Bonnie Glaser. Thank you very much for joining me.

(Applause.)

(END)