

# Introduction to Indo-Pacific Security Challenges

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Thank you, Peter, for the kind introduction—I appreciate that—and thank you for the invite to speak here at the Forum. On behalf of everyone here, Peter, thank you for the addition of the McCain Award added to the Forum’s program. It is a wonderful way to remember the Senator and his contribution to the Forum.<sup>1</sup>

I’m grateful for the opportunity to talk to you this morning about the Indo-Pacific region. While that might seem like half a world away—and it quite literally is from here in Halifax—I think the security and prosperity of all of our countries depend on the stability of the Indo-Pacific.

Of course, there is plenty of activity ongoing in the Indo-Pacific just this past week. ASEAN has just completed, and APEC will shortly.<sup>2</sup> And I think these are indicative of both the pace and the power of the region. Moreover, it makes clear that through the remainder of the twenty-first century, the Indo-Pacific will be the engine that drives global economic development, and it is in all of our interests that the international community play an active role in preserving the rules-based international order.

If you’re not already sold on the economic potential of the Indo-Pacific, consider the following:

- The Indo-Pacific is home to 10 of the 20 fastest-growing economies;
- The Indo-Pacific currently contains over a third of global GDP and 60 percent of the global GDP growth;
- By 2050, the Indo-Pacific is projected to account for over 55 percent of global GDP, largely due to a growing middle class;
- Speaking of which, 87 percent of the next one billion middle-class entrants

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\* Keynote speech by ADM Phil Davidson, commander, US Indo-Pacific Command, delivered at Halifax International Security Forum, Halifax, Nova Scotia, Canada, 17 November 2018.

will come from the Indo-Pacific;

- And by 2030, 65 percent of the world's middle class will reside in the Indo-Pacific, representing an unrivaled amount of purchasing power.

In short, the potential markets and the economic prospects present opportunities that all can benefit from as long as all nations, large and small, work together.

This is where the United States's Free and Open Indo-Pacific strategy comes into play.

You may recall, President Trump announced a vision—or end-state—for a “Free and Open Indo-Pacific” last year when he traveled to the region for APEC, the East Asia Summit, and a number of bilateral discussions.

But what does a Free and Open Indo-Pacific mean? 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.

I also think *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.

Now, while the clarity of this vision is new, the core elements of a Free and Open Indo-Pacific are not—in fact, this is how the US has approached the region throughout our 240-plus-year history.

We have advanced this vision for more than two centuries, because we, like nearly all of you here, are a Pacific nation.

American businesses have traded in Asia since the eighteenth century.

We have five Pacific states: Hawaii, California, Washington, Oregon, and Alaska.

We also have Pacific territories on both sides of the International Date Line, like Guam, Wake, and the Northern Marianas. . . . and we have Compacts of Free Association with Micronesia, the Marshall Islands, and Palau.

Americans fought and bled on these lands, not to conquer them, but to liberate them.

Then, together with partners and allies, we helped rebuild Japan, pushed back aggression in South Korea, and helped create the security architecture of the post-war era.

Five of the United States's seven major security alliances are in the Indo-Pacific, including our oldest treaty ally, Thailand. Indeed, our oldest treaty in the region is a Treaty of Amity and Commerce the US signed in 1833 with Thailand. Today, we are observers in ASEAN and—as the Vice President affirmed this week—we are one of its most vocal supporters. Of course, USINDOPACOM is our military's largest and oldest combatant command.

The United States is an enduring Pacific power. That will not change, and we could not leave the region even if we wanted to—our historical, structural, economic, and institutional ties to the Indo-Pacific are indelible.

But even though America's vision for the region has not changed, some other things have. Most notably, there are a number of challenges that threaten the long-term viability of a Free and Open Indo-Pacific.

North Korea remains an immediate challenge, and it is important that we remain united in our pursuit of the final, fully verified denuclearization of North Korea as agreed to by Chairman Kim [Jung-un] in Singapore. At PACOM, we continue the enforcement of UN Security Council resolutions in order to help achieve meaningful breakthroughs on denuclearization.

In my role as Commander of USINDOPACOM, I continue to emphasize military readiness while supporting the US Department of State-led pressure campaign as well.

It is also evident that terrorism and other transnational threats continue to challenge this shared vision of a Free and Open Indo-Pacific, as we saw just last year in the Philippines.

Following six months of heavy fighting, the Armed Forces of the Philippines and the Philippine National Police defeated ISIS and liberated the city of Marawi . . . . and they did this by reaching out to partners.<sup>3</sup>

The United States, Australia, and other countries provided intelligence and support that was essential to the outcome, but the effort was requested and led by the Philippines.

We must continue to work with like-minded nations across the region to develop multinational counterterrorism capabilities and capacity, and to prevent the return of foreign fighters to the region. If we do not, I believe we will see another Marawi somewhere else in the region in the future.

I'm also concerned about Russia's resurgence. While most of Russia's malign activity occurs in other areas of the world, Russia is increasingly active across the region, and it often seeks to block or disrupt the diplomatic efforts of others as they work to sustain the rules-based international order.

There is, of course, an even greater challenge to the long-term stability of the region. 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 is particularly evident in the sphere of economics.

It is problematic when countries promise loans, improved 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 US opposed such practices in the nineteenth and early twentieth centuries 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.<sup>4</sup>

As distasteful as these tactics are, 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 United States 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, and how do we respond to those who reject our vision of a Free and Open Indo-Pacific?



**Figure 1. Keynote speech.** ADM Phil Davidson, commander of US Indo-Pacific Command, delivered remarks about security challenges, collaboration, and partnerships in the Indo-Pacific region during the Halifax International Security Forum in Nova Scotia, Canada, 17 November 2018. This year's forum brought together individuals from more than 90 countries who face consequential local threats, writers who challenge and influence the world's thinking on security, and decision makers who make the tough choices. (Photo courtesy of Halifax International Security Forum)

Well, the most obvious point—and one made abundantly clear in the US *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.

I was pleased to see during the polling on Day 1 of a recent Asia-Pacific Center for Security Studies (APCSS) course, when asked, "What is the best way to improve Asia-Pacific security?" the number-one response international students from across the region gave was, "Through shared identity and values."

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. In actuality, they are the connective elements that bind us together.

It is our collective responsibility—all of us—to ensure the continued freedom of the seas and skies. . . . more on this in a minute.

Second, the vast majority of nations in the region share a common vision of the economic strength of the Indo-Pacific. As I said at the beginning, 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.

This is why the United States is the single largest source of cumulative foreign investment in Southeast Asia—larger than China or the European Union—and why the United States does more two-way trade with the region than anyone else.

Sixty percent of the same APCSS students I mentioned polling a few moments ago also said the most-powerful country is the one that has the largest economy—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's Overseas Private Investment Corporation (OPIC) has a portfolio of \$3.9 billion invested in the Indo-Pacific and has done so alongside American firms in energy, health care, 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 II, 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—and 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 hurricane 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 concerns independently helps us identify common ground, but it's important to remember that these concepts actually intersect, and that 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 antiship missiles, electronic jammers, and surface-to-air missiles (also known as SAMs) earlier this year.<sup>5</sup>

So 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—the right of all nations to trade, to communicate, to send their financial information, to send their communications through cables under the sea. It’s not just the right of the US Navy and US Air Force combined.

While the recent unsafe, unprofessional behavior by the PLA Navy garnered significant media attention, we need to remain focused on the broader strategic implications.

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—a clear violation of the international sea and air standards codified in the United Nations Convention on the Law of the Sea.

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

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’s clear is the region has mainly benefited from that international rules-based order.

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

Yes, there is still much work to do, but the invitation remains an invitation to all—including China—and as Vice President [Mike] Pence commented at APEC, Beijing has “an honored place in our vision of a free and open Indo-Pacific, if it chooses to respect its neighbors’ sovereignty, embrace free, fair, and reciprocal trade, and uphold human rights and freedom.”

Thank you for your attention this morning. 

## Notes

1. In November 2017, the Halifax International Security Forum, established a new prize, named for recently deceased US Senator John McCain, honoring outstanding courage and leadership in public service.
2. Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC)
3. The six-month-long armed conflict in Marawi, started on 23 May 2017, between Philippine military forces and terrorists affiliated with the Islamic State (ISIS), including the Maute and Abu Sayyaf Salafi jihadist groups. The battle was the longest urban battle in the modern history of the Philippines.
4. People’s Republic of China (PRC)
5. People’s Liberation Army (PLA)