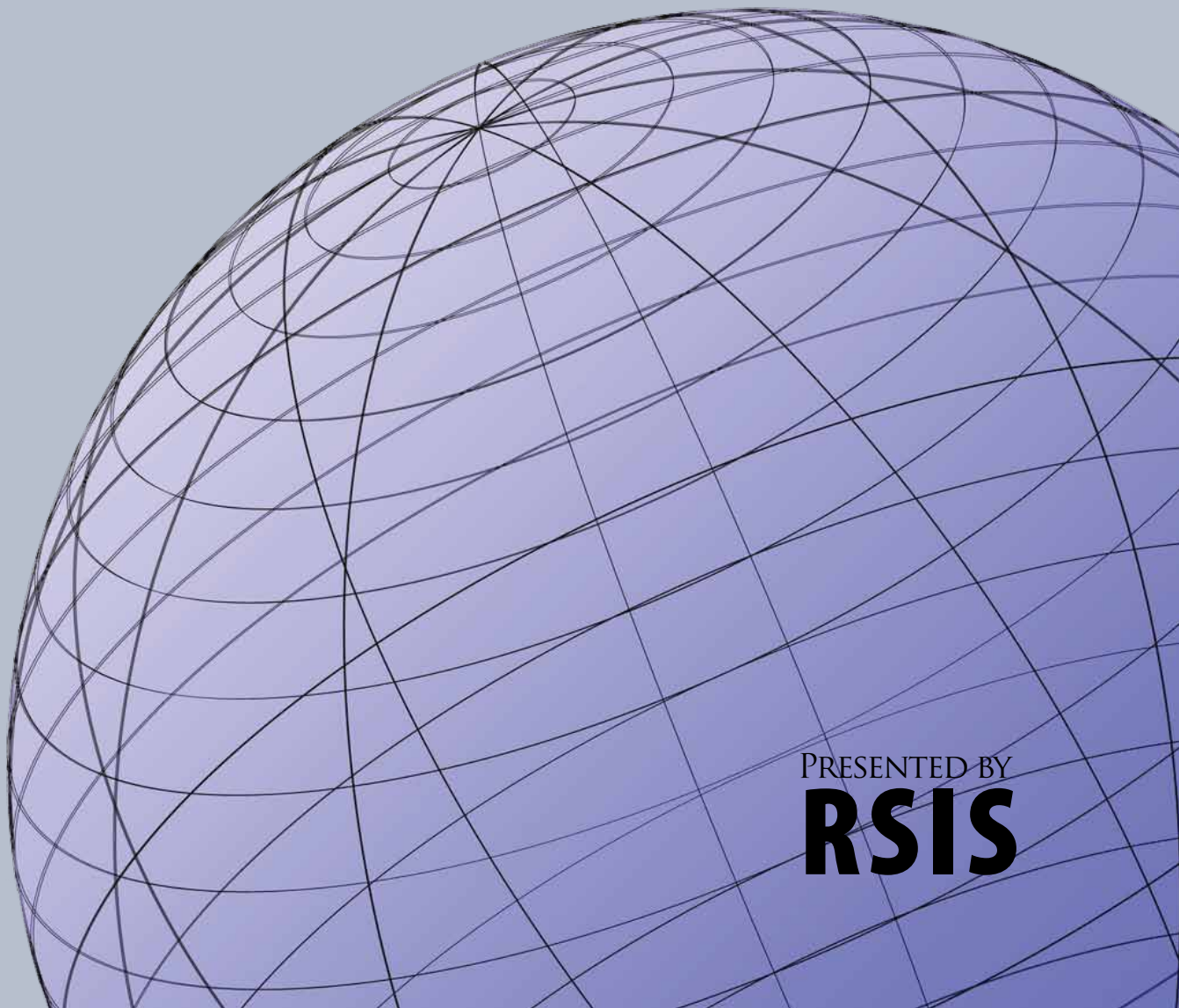


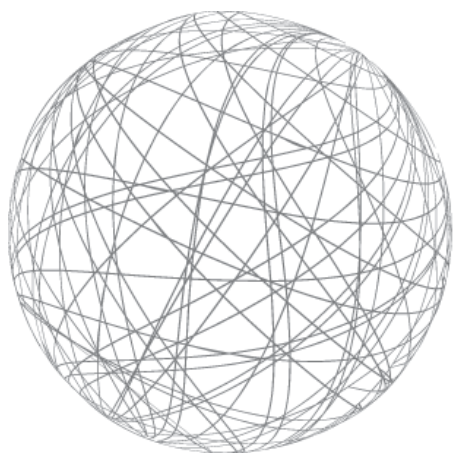
SINGAPORE GLOBAL DIALOGUE

20–21 September 2012
Shangri-La Hotel, Singapore

CONFERENCE REPORT



PRESENTED BY
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SINGAPORE GLOBAL DIALOGUE

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EXECUTIVE SUMMARY

The third Singapore Global Dialogue took place against the backdrop of European economic uncertainty, leadership changes in China and the U.S. presidential elections.

Welcome Dinner Keynote Address: Deputy Prime Minister Teo Chee Hean

DPM Teo spoke about the necessity of active engagement by all countries in relation to international cooperation to address the challenges of today's multi-polar world. The emerging multi-polar world, while seemingly threatening to some, should nevertheless, be viewed positively, said DPM Teo. As many of today's challenges were transnational in nature, improved global governance and increased global cooperation were necessary. He cautioned that although Asia was seemingly on the rise, its ascent should not be taken for granted. There were several major challenges yet to be resolved, particularly demographics and governance. To develop a better future, DPM Teo suggested that countries must be prepared to actively learn from each other and find models of governance and economic management that would enable them to achieve sustainable growth.



Prof Aaron Friedberg (middle) interacting with dialogue participants

Conference Keynote Address: Mr Kevin Rudd

Mr Kevin Rudd, former Australian Prime Minister, advocated the need for a platform to administer a regional rules-based order—a Pax Pacifica—to consciously build the habits, customs and norms of security, and change existing mind-sets from conflict to incident management to strategic cooperation. He argued that such an institution was necessary because while the economic and social transactions were drawing Asia Pacific countries closer, the forces of ethno-centric nationalism, driven by a toxic combination of competing territorial claims and long-standing cultural animosities, threatened to undermine the region. Pax Pacifica must include members of both the East Asia Summit (EAS) and the ASEAN Defence Ministers Plus Eight (ADMM+8), be governed by agreement on the broad directions for security policy cooperation and be strongly institutionalised with a dedicated secretariat.



Prof Jean-Pierre Lehmann with Prof Wang Gungwu of the East Asian Institute



Mr Pascal Lamy (right) presented the World Leader Keynote Address



DPM Teo Chee Hean (left) delivered the Welcome Dinner Keynote Address on the opening night

Panel 1 Discussion: U.S.-China Relations: Cooperation or Collision?

The panellists discussed the continuity and change in U.S.-China relations, its underlying drivers, key issues, and sources of conflict and cooperation that would shape the global strategic contours of the 21st century. The key question propelling the debate was whether greater economic integration and interdependence between the two great powers could effectively mitigate the strategic distrust and progressive complexity of regional security challenges in the Asia Pacific. While the panellists expressed varying perceptions, approaches, and ideas, they converged on the significance of the U.S.-China relations that would increasingly determine the character and direction of regional security and stability.

World Leader Keynote Address

Mr Pascal Lamy, Director-General of the World Trade Organization, spoke on the "Governance of a Multi-Polar World Order". He called this the key issue of our time, and noted two important factors that had changed the complexion of the world. The first was the rise of emerging countries and the second was growing interdependencies in the world economy. Action was needed, particularly to address changes in demographics, economics, the environment and governance. However, action was limited because of

the old political norms such as Westphalian norms on sovereignty despite growing interdependence, the inability to address cross-cutting issues, and the failure of multilateral institutions to keep pace with changes. What was needed now were thus political will, a commitment to multilateralism and the principle of subsidiarity, policy coherence, and commitments that are enforceable, and legitimacy.

Panel 2 Discussion: Contemporary Global Security Challenges

The panellists highlighted three issues that they considered to be the key global security challenges in modern times: (i) internal political problems involving state-formation and ethno-nationalism; (ii) non-traditional security threats in the form of scarcity of water, energy and food, whereby competing demands for these resources may trigger armed conflicts among states; and (iii) the threat of a nuclear-armed Iran that could dramatically change the complexion of the Middle East and the world as it could lead possibly to armed conflicts as well as nuclear proliferation. In relation to (i), the proposed solutions included policies to address ethno-nationalist cleavages/grievances. With regard to (ii), it was suggested that more global institutions were needed and possible co-option of the private sector as a partner, explored. As for (iii), a covert military strike to neutralise the threat was proposed.



Dean Barry Desker (right) greeting Mr Kevin Rudd, who delivered the Conference Keynote Address



Dean Barry Desker with Amb Riaz Khan (right)

Panel 3 Discussion: Is the World Economy Governable?

The panellists observed that the world economy was now faced with the immense challenge of addressing critical governance issues set against a backdrop of a leadership vacuum, shifting power configurations, and the inability of instruments and institutions to adapt to profound and rapid change in the global political and economic landscape. It was agreed that there was a need for significant reform in existing global financial institutions as they were plagued with input and output inefficiency. A governance trilemma existed whereby international organisations were faced with the challenge of democratic decision-making, universality of membership, and effectiveness in developing solutions and required outcomes. The discussion underscored the need to take a long-term perspective on global economic governance. With the recent crises, it was imperative for more focus to be given to immediate problems rather than looking for long-term solutions.



Mr Nik Gowing (far right) moderating the third panel discussion on the governance of the world economy

Closing Key Note Address: Professor Ibrahim A. Gambari

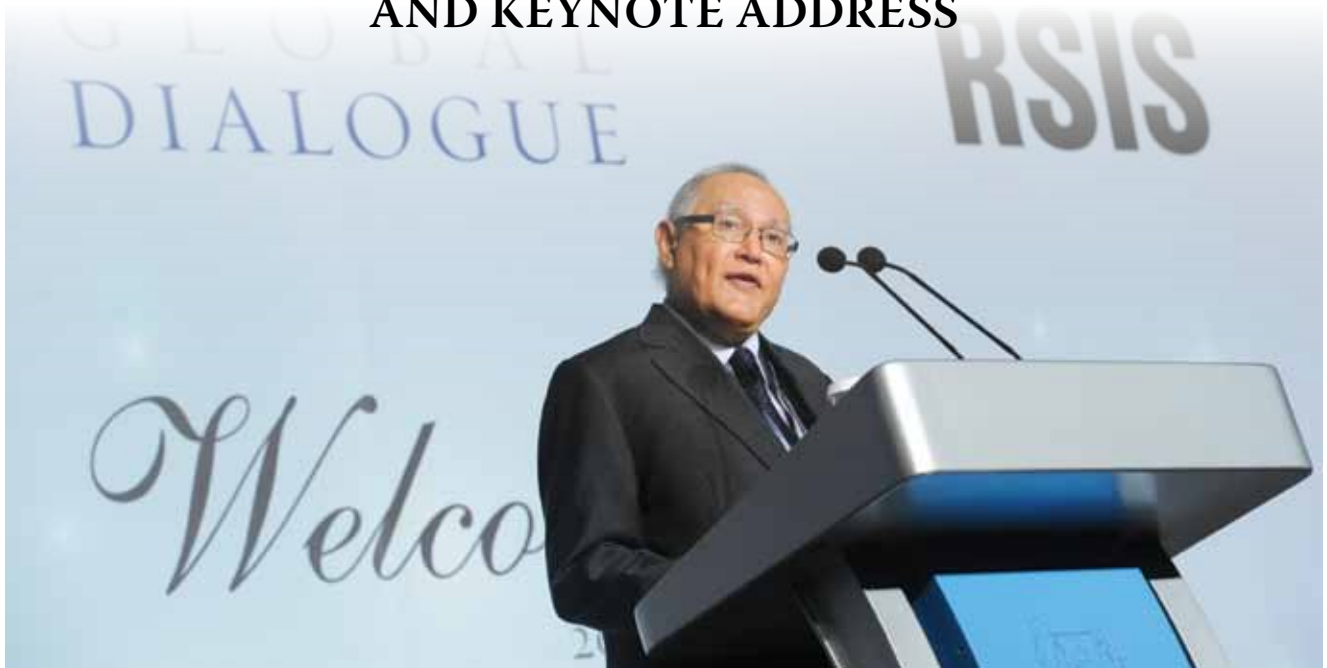
Professor Ibrahim Gambari discussed the challenges and opportunities of China-Africa relations. He observed that China's engagement with Africa had increased tremendously over the last decade, and had been mutually beneficial thus far. Nevertheless, there were several challenges to be addressed: (i) the fear of neo-colonisation of Africa, which was driven by the strong demand for natural resources; (ii) criticism of low quality products and labour from China; (iii) the need for China to support good governance practices in Africa; and (iv) the strong economic linkages between China and Africa meant that economic shocks that occurred in China could negatively impact Africa. He suggested that for the positive relationship between the two countries to continue: (i) Africa needed to develop a win-win strategy; (ii) Africa should leverage China's technological expertise; and (iii) the relationship should extend beyond economics to governance reforms.



INTRODUCTORY REMARKS

Ambassador Barry Desker, Dean, S. Rajaratnam School of International Studies (RSIS)

INTRODUCTORY REMARKS FOR OPENING DINNER AND KEYNOTE ADDRESS



Dean Desker delivering the Introductory Remarks to open the event proper

The third Singapore Global Dialogue opened on 20 September 2012 with a keynote address by Singapore's Deputy Prime Minister, Coordinating Minister for National Security and Minister for Home Affairs, Mr Teo Chee Hean. Introducing him, Ambassador Barry Desker, Dean of the S. Rajaratnam School of International Studies, underlined the aim of the Singapore Global Dialogue, which was to provide a uniquely Asian platform for responding to contemporary global challenges. He noted that the participants were meeting amidst a backdrop of European economic uncertainty, leadership changes in China and the U.S. presidential elections.

In the search for innovative ways of managing the world's evolving strategic concerns, distinguished speakers from the Asia Pacific region and across the globe were invited to offer fresh insights into new possibilities and emerging issues that could change the complexion of international politics in the coming years.

The first panel focused on U.S.-China relations, and its impact on Southeast Asia. The second panel discussed the contemporary traditional and non-traditional global security challenges, and in particular, the political upheavals witnessed in the Middle East and North Africa, as well as

the anxiety over the use and misuse of nuclear power. The final panel deliberated whether the world economy was governable, and whether the G20 could effectively respond to the challenges in reviving the global economy. In addition, the three keynote addresses examined respectively (i) the global engagement for a better future; (ii) the governance of a multipolar world order; and (iii) challenges and opportunities related to China-Africa relations.



Dean Desker with Prof Zhu Chenghu (left) and Amb Chan Heng Chee (right)

WELCOME DINNER KEYNOTE ADDRESS

*Teo Chee Hean, Deputy Prime Minister,
Coordinating Minister for National Security, and Minister for Home Affairs*

GLOBAL ENGAGEMENT FOR A BETTER FUTURE



DPM Teo addressing participants during the Welcome Dinner

DPM Teo began by discussing the political, economic and strategic implications associated with the rise of Asia, and in particular China. He argued that the outcome would be a strategic game changer for many countries in the Asia Pacific region. While many countries had aligned themselves with the United States to enhance their economic and security interests in the past, their most important trading relationship was now with China. This implied that such countries, including the U.S.' main security partners, would invariably have to take into account their economic ties with China in their strategic calculations vis-à-vis the U.S..

DPM Teo opined that the emerging multi-polar world, while seemingly threatening to some, should nevertheless be viewed positively. Contemporary challenges such as demographic problems, resource constraints, climate change, energy security, and nuclear proliferation were largely transnational in nature, and as such, required improved global governance and increased global cooperation to address them. Countries and regions could benefit from the opportunities that arose through closer cooperation, and collectively prosper as a result.

DPM Teo cautioned that Asia's rise should not be taken for granted. There were several major challenges that

had yet to be resolved. These included climate change, environment, energy, income inequality, public health, rapid demographic shifts, education, and governance. Of these challenges, he argued. Demographics and governance were most significant as they impacted all Asian countries.

Asia contained some of the most rapidly ageing populations in the world. China for example, was ageing quickly, due in part to the speed of its demographic transition from high death and birth rates to low death and birth rates. It was estimated that by 2050, the proportion of its population who were older than 60 years would have almost tripled from 12.3% to 33.9%.

DPM Teo said this did not imply that having a younger population was more advantageous; success was premised on whether the country could develop and tap the potential of their young people. With the right education and training they could add dynamism to the workforce, contribute to economic growth and help improve both their own lives and the lives of their families. However, without a solid educational foundation, the opportunities for young people to find good jobs that would enable them to fulfil their aspirations would be

extremely limited. This could lead, as it did in the Arab Spring, to demonstrations and/or revolts, which were expressions of pent-up frustration among the young.

DPM Teo observed that while there was still no universally applicable system of governance that could function adequately across different national circumstances, there were, nevertheless, some core principles that needed to be in place for any country to enjoy sustained progress. These included (i) legitimacy—where the government’s legitimacy was based on serving the interests of the people, delivering benefits to the citizenry, and keeping corruption in check; (ii) equitable distribution—where governments had to ensure a fair distribution of opportunities and benefits as well as address the concerns of minorities; and (iii) a system of succession—where the leadership of the country could renew itself effectively beyond one or two generations.

DPM Teo noted that the forces of globalisation and technology, and in particular the Internet and social media, as well as the advances made in transportation, had facilitated increased flows of people, information and problems across national borders. Throughout Asia there were increasing calls for greater citizen participation, more

transparency and accountability, and cleaner government.

In the West, the 2008/2009 financial crisis in the U.S. and the on-going one in Europe have revealed deep-seated issues that caused internal contradictions and challenges. These include political gridlock, the U.S. fiscal cliff, the need to boost economic growth and create jobs while financing heavy social spending obligations. Therefore, countries both in Asia and around the world would have to change their governance models if they were to successfully overcome these issues.

Innovative models of governance and economic management were needed to achieve a better future. Such models should facilitate international cooperation and be able to deal with the realities of the emerging multi-polar world.

DPM Teo concluded that Asia’s development journey would face many difficult challenges ahead. Leadership and vision were essential, and countries in the region needed to work together to achieve stable and prosperous growth. Asia was plugged into global trade and finance, and was ready to make significant contributions as a responsible global citizen.



DPM Teo (right) with Mr John Howard, one of the many distinguished participants at this year's Dialogue

PRINCIPLES OF PAX PACIFICA: BUILDING THE EAST ASIA SECURITY ORDER



Mr Kevin Rudd delivering the Conference Keynote Address

In his keynote address, Kevin Rudd emphasised the centrality of the Asian hemisphere to the security and prosperity of the world. It was no longer on the margins of the global growth equation; rather it had become its central organising principle to the extent that if Asian security and prosperity faltered, it would affect the same in the entire world.

At the same time however, there were a number of core challenges in the region—how to avoid instability, conflict or war and to preserve and enhance the integrity of the regional and global rules-based order, especially in the context of two fundamentally conflicting forces: those of economic globalisation and political nationalism. While the economic and social transactions were drawing the countries in the region closer together, the forces of ethno-centric nationalism driven by a toxic combination of competing territorial claims and long-standing cultural animosities threatened to rip the region apart.

According to Rudd, in addition to the long-standing flashpoints involving the Korean Peninsula, the Taiwan Straits, India-Pakistan and Kashmir, new disputes such as the conflicting territorial claims of a number of regional states to various islands and surrounding seas in the South China Sea, the East China Sea and the Sea of Japan,

now threatened the peace and stability in the region.

Though interests at stake in each of these conflicts differed, they nonetheless exhibited a volatile combination of populist nationalism; historical animosities, which in some cases, were exacerbated by the dynamics of domestic political transition; oil and gas resources; and competition for scarce fisheries in a protein deficient region. Incidents at sea were proliferating while increasing concentration of naval, air and other maritime assets, and the attendant nationalist fervour in some of the countries involved, were aggravating the issues further.

The disputes also involved other countries from within the region and beyond. The U.S. had declared its neutrality on conflicting territorial disputes in the South China Sea, while emphasising an overriding interest in maintaining freedom of navigation, both as a generic principle of international maritime law and the particular significance of these seas to global maritime trade. In the East China Sea, the U.S. recognised Japanese sovereignty over the Senkaku islands and had stated publicly that they were covered by the terms of the Japan-U.S. Defence Treaty of 1951. Therefore any escalation of the disputes would have rippling effects across the world.

Rudd referred to a number of initiatives to reduce regional tensions. In 2002, China and ASEAN agreed on a Declaration of Conduct (DoC) in the South China Sea while in 2011, there was agreement among the concerned nations on the guidelines for the DOC. Both provided for broad commitments to resolve disputes peacefully. In July 2012, ASEAN foreign ministers adopted the key elements of the draft Code of Conduct for negotiation with China. This provided for mediation and conciliation services by the ministerial-level ASEAN High Council failing which disputants may “resort to dispute settlement mechanism provided under international law, including UNCLOS.”

However, the overall strategic environment remains brittle. ASEAN’s inability to achieve a consensus at the Foreign Ministers Meeting in July 2012 in Cambodia on a reference in the communiqué to Vietnamese and Philippines concerns about incidents in the South China Sea has thrown the spotlight on the regional body’s future cohesion in dealing with the most sensitive security and policy challenges.

Pax Pacifica

To overcome and manage the challenges effectively, Rudd stressed the need for an effective pan-regional institution mandated to mediate political and security issues with acceptable norms and procedures. This would also be a platform to administer a regional rules-based order. According to Rudd, existing regional institutions are inadequate in terms of membership and mandate. The proposed arrangement—Pax Pacifica—would be distinct from Pax Americana and Pax Sinicia. Pax Pacifica would be more inclusive and strive consciously to build the habits, customs and norms of security, and change the mind-set from conflict to incident management and strategic cooperation. Such an institution would be anchored in conceptual approaches which China, the U.S. and other countries bring to shaping the future of the region. The key here is multilateralism which seeks to harmonise conflicting positions, find a way up the middle and is potentially capable of incorporating universal values.

Pax Pacifica would also be based on some key guiding principles. These include accommodating China’s peaceful rise and recognising its legitimate national security interests; accepting continuation of U.S.’s strategic presence and its alliances; non-use of force in dispute resolution; recognising the interests of other countries and their stakes in peace

and stability of the region; collectively developing basic norms of behaviour for the regional rules-based order and dispute resolution mechanisms.

In the meantime, it is necessary to freeze all existing interstate territorial claims and establish protocols for the common extraction of resources from disputed territories. A network of confidence and security building measures—hotlines between the relevant national security agencies; detailed protocols for managing incidents at sea; regular high-level meetings between all the region’s militaries; joint exercises in search and rescue and counter disaster, counter-terrorism and counter-organised crime; and transparency of military budgets and national military exercises—would be necessary to enhance security cooperation at the regional level.

Rudd emphasised that Pax Pacifica must include members of both the EAS and ADMM+8, be governed by agreement on the broad directions for security policy cooperation, and be strongly institutionalised with a dedicated secretariat. In such architecture, ASEAN would inevitably remain at the absolute core not only because its interests are at stake, but also because ASEAN collectively carries significant political, economic and strategic weight and despite challenges it remains the single most successful regional institution in Asia.

Ultimately, Rudd was confident that despite all the complexities it is possible to craft an Asian hemisphere grounded on the principles of the common security of all with creative diplomacy and active statesmanship.



Mr Rudd met with local and international media after his presentation

PANEL 1

U.S.-CHINA RELATIONS: COOPERATION OR COLLISION?



Amb Chan Heng Chee moderated the first panel discussion on U.S.-China relations

Moderator

Chan Heng Chee, Ambassador-at-Large, Ministry of Foreign Affairs, Singapore; Executive Chairman, Lee Kuan Yew Centre for Innovative Cities, Singapore University of Technology and Design (SUTD)

Speakers

Brahma Chellaney, Professor of Strategic Studies, Centre for Policy Research, New Delhi

Aaron Friedberg, Professor of Politics and International Affairs, Princeton University

Riaz Khan, former Foreign Secretary of Pakistan

Zhu Chenghu, Professor, Academic Department of Strategic Studies, National Defense University, China

Panel One discussed the continuity and change in the U.S.-China relations, its underlying drivers, key issues, and sources of conflict and cooperation that will shape the global strategic contours of the 21st century. The key question propelling the debate is whether greater economic integration and interdependence between the two great powers can effectively mitigate the strategic distrust and progressive complexity of regional security challenges. While expressing varying perceptions, approaches, and ideas, the panellists converged on the significance of the U.S.-China relations determining future global prosperity and stability.

Brahma Chellaney, Professor of Strategic Studies, Centre for Policy Research in New Delhi began with a historical overview of the rise and fall of great powers. He observed that while international power shifts are a recurring phenomenon, China's rise shows a different path and pattern—it is evolutionary rather than revolutionary and it coincides with Asia's rise. Furthermore, he noted that notwithstanding China's growing military capabilities, Beijing's capability to enforce its will on the rest of Asia is still limited. Its strategic window will narrow further as other countries in the region pursue military modernisation. In this

context, U.S.-China relations will remain central in driving regional security order.

Professor Chellaney projected four potential scenarios for Asia's strategic futures: (i) Sino-Centric Asia, in which China engages a multipolar world, but aims to create its own unipolar Asia; (ii) U.S.-centric Asia—with the U.S. as a preeminent player, strategic pivot, and principal anchor to regional security; (iii) Multilateral Asia with interlocking strategic partnerships and institutions mitigating security dilemmas; and (iv) Resurgent Powers Asia—with China, Russia, Japan, and possibly a unified Korea contending for influence. He concluded that neither the U.S. nor China's strategic interests prefer confrontation; on the contrary, they will channel their strategic rivalry into economic interdependence, trade, and prosperity.

Aaron Friedberg, Professor of Politics and International Affairs at Princeton University assessed two key themes: underlying dynamics in the U.S.-China relationship, and evolving U.S. strategy towards China. He argued that U.S.-China relations have reflected elements of both cooperation and competition. In the latter, their strategic rivalry and competition have been driven by traditional geopolitics of power transition as well as fundamental differences in the character of domestic/internal political regimes of the two countries.

Professor Friedberg noted that in terms of continuity

and change of U.S. policy towards China, Washington has pursued both engagement and balancing. The former included policies of political, economic, cultural engagement to encourage China's institutional integration into the international system. At the same time, the U.S. has maintained global and regional military superiority, while strengthening its alliances, and engaging with non-allied partners. According to him, the Obama administration had initially focused on the engagement, while downplaying the balancing. In 2010, however, the Administration became increasingly disappointed with the results of the engagement strategy, and stepped up the balancing part of the portfolio.

The purpose of the U.S. pivot to Asia strategy, Friedberg argued, was not to antagonise Beijing, but primarily signal U.S. reassurance to its Allies and commitment to remain the dominant power in the Asia Pacific. Noting the resulting escalating rivalry, the Obama administration has recently backtracked and attempted to increase the engagement part of the strategy. Concluding with his thoughts on the implications of U.S. presidential elections on future U.S. strategy in Asia, Professor Friedberg envisioned no major discontinuity from the current strategy. The key question is to what degree the U.S. will be able to channel its political, economic, and military resources to Asia amid its continuing resource constraints and potential conflict scenarios in other regions, particularly Iran.



(From left) Dean Desker, Mr John Howard and Mr S. Dhanabalan



Amb Riaz Khan

Providing a Chinese perspective on Asia's strategic futures and Sino-U.S. relations, Zhu Chenghu, Professor at the Department of Strategic Studies, National Defense University, underlined the need to rethink strategic approaches that govern major power relations in the Asia Pacific. In particular, he noted that increasing forces of globalisation, economic interdependence, as well as the emergence of transnational security challenges amplify the need for new "common security" frameworks with shared responsibilities in maintaining global peace and prosperity. In this context, U.S. and China should cooperate in order to address the progressive complexity of security challenges, both traditional and unconventional.

Strengthening Sino-U.S. cooperation, however, requires new thinking in managing contending issues, while mitigating negative perceptions. According to Professor Zhu, there is a need for both sides to give up the Cold War mentality of the past, exercise restraint and refrain from taking actions that may cause unnecessary provocation, while finding new ways to strengthen cooperative mechanisms and mutual trust in both countries. He expressed concern about the evolving U.S. rebalancing strategy in the Asia Pacific, with the U.S. strengthening existing alliances, developing new partnerships, and increasing its military presence in the region. In his view, the purpose of this strategy is to reshape U.S. leadership in the region, raising concerns in China.

Reflecting on the lessons of the Cold War, Riaz Khan, former Foreign Secretary of Pakistan, emphasised that the two superpowers, the U.S. and the Soviet Union, could not afford a direct military confrontation. In today's emerging multi-polar world, a benign Sino-U.S. cooperation may be even more attainable, particularly as the U.S. learned the limits of hard power in its military engagements in Iraq and Afghanistan. Moreover, China's economic growth will continue to stimulate regional development, strengthening economic interdependence. Mr Khan observed that China's interests in the Asia Pacific are defined primarily through the lens of economics and trade, and as such, strategic behaviour driven by fear rather than compromise would weaken China's position in shaping regional stability and prosperity.



Prof Brahma Chellaney



Prof Zhu Chenghu

Mr Khan acknowledged increasing strategic assertiveness of major powers, particularly in enforcing their regional territorial claims. In order to mitigate tensions, he called for policy initiatives that would establish a code of conduct based on shared norms and common security approaches. Such code would provide guarantees on the freedom of navigation, long-term solutions to existing disputes, and restraint in the use of force in Asia Pacific.

The ensuing discussion focused on the question whether the increased regional economic cooperation, trade, and interdependence can effectively mitigate geopolitical rivalries and strategic competition between the U.S. and China. One participant noted that historically, economic interdependence has not proven to mitigate conflicts and geopolitical frictions. Moreover, with China's rise, there is increasing regional competition for control of energy resources, which amplify territorial disputes, nationalistic tendencies, and conflict-prone trajectories.

Another participant noted that increased interdependence essentially raises the costs and risks of potential conflict, which in the long-term, will improve the prospects for stable relations. In this context, the key challenge is to form a new strategic paradigm based on common norms and values that would bridge the gap between economic interdependence and geostrategic rivalry. The panel discussed the underlying internal and external factors of divergence and convergence that are shaping the trajectory and contours of Sino-U.S. relations. In particular, the discussion highlighted the



Prof Aaron Friedberg

importance of alliance politics, military strategies, and domestic political transitions in both China and the U.S. that will shape Asia's strategic futures.



Amb Chan (middle) moderating the first panel discussion

WORLD LEADER KEYNOTE ADDRESS

Pascal Lamy, Director-General, World Trade Organization, Geneva

GOVERNANCE OF A MULTI-POLAR ORDER



Mr Pascal Lamy delivering the World Leader Keynote Address

Mr Pascal Lamy spoke on the “Governance of a Multi-Polar Order”, which he described as the key issue of our time. He noted two important factors that had changed the complexion of the world. The first was the rise of emerging countries, with accompanying changes in the economic power and comparative advantage in trade. The rise of emerging economies was set in motion by the changes in technology,

transportation costs and regulatory environment. The second factor was growing interdependencies in the world economy. These had both economic dimensions in terms of trade and production, but also social dimensions, particularly brought about by migration and new communication technologies.

What was unique about the current transformation is the fast pace of change and the immense number of people involved. Globalisation had de-nationalised consumption, allowing consumers to buy products from wherever they were produced most efficiently, and production itself had been de-nationalised, allowing the separation of production geographically. Technical knowledge and managerial know-how had become more firm-specific and less nation-specific, leading to a surge in the mobility of technical knowledge.

Mr Lamy said that as the world had grown more complex action was needed to address changes in five areas. First, policies must address changes in demographics such as health and migration. Second, economic growth needed to address rising inequality and unemployment. Third, the environment and resource management needed to be carefully



Dean Desker (left) with Mr Lamy

managed. Fourth, governance challenges included addressing more complex social demands. Finally, technology brought new risks even as it had the potential to provide solutions.

Noting that short-termism had undermined leadership, he said action was also limited by three reasons. First, the old political structures and Westphalian norms on sovereignty despite growing interdependence had obstructed cooperation. Institutionally, there was an inability to address cross-cutting issues, because of the sectoral structure of institutions. Finally, multilateral institutions had failed to keep up with the pace of change.

Mr Lamy suggested the elements needed for a new model of governance based on shared values. What was needed was political will and clear projects. There had to be a commitment to multilateralism rather than hegemony. Institutions needed to be based on the principle of subsidiarity. They also had to have policy coherence, not operating in silos. Commitments made had to be enforceable, such as dispute resolution mechanisms. Finally, these institutions needed legitimacy, requiring citizens to feel a sense of ownership in the processes. He concluded that the task facing the world was to reinvent the system of global governance based on these elements.



Mr Lamy during the Q&A session with the participants

CONTEMPORARY GLOBAL SECURITY CHALLENGES



Prof Joseph Liow speaking at the second panel discussion that he moderated

Moderator

Joseph Liow, Professor of Comparative and International Politics and Associate Dean, RSIS

Speakers

Muthiah Alagappa, Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS) Malaysia; concurrently Non-Resident Senior Associate, Carnegie Endowment for International Peace, Washington, D.C.

Mely Caballero Anthony, Associate Professor and Head of Centre for Non-Traditional Security Studies, RSIS

Efraim Inbar, Director, Begin-Sadat (BESA) Center for Strategic Studies, Bar-Ilan University, Israel

The panellists highlighted three issues that they considered to be the key global security challenges in modern times: (i) internal political problems involving state-formation and ethno-nationalism; (ii) non-traditional security threats in the form of scarcity of water, energy and food, whereby competing demands for these resources may trigger armed conflicts among states; and (iii) the threat of a nuclear-armed Iran that could dramatically change the complexion of the Middle East and the world as it could lead possibly to armed conflicts as well as nuclear proliferation.

Muthiah Alagappa, Tun Hussein Chair in International Studies, Institute of Strategic and International Studies, Malaysia, observed that global security challenges emanate from domestic political dynamics, internal socio-political cleavages and unfinished nation-building projects. It was emphasised that these challenges do not originate from the distribution of power in world politics, as widely thought. They are rather a function of tumultuous domestic developments transpiring in every nation-state.

Many political systems in Asia are contested. Changing the political systems may also alter the foreign policy framework of a particular state. As an example, it was noted that when Indonesia went through changes in its political system, from Sukarno's Guided Democracy to Suharto's New Order until the democracy-reformasi era, its foreign policy strategies also underwent evolution.

Crucial to the existence of a political system is its legitimacy. In post-colonial states in Asia, legitimacy is frequently challenged by both state and non-state actors. An 'illegitimate' political system may meet stiff resistance from either communist or pro-democracy forces as exemplified by post-war Philippines, Burma, Thailand, and Vietnam.

Another source of security problems is ethnic nationalism. Contestations over what constitutes a nation are usually found in multi-ethnic states where minorities view themselves as a separate nation and the legitimacy of the state is challenged by identity-based and ethnic nationalisms. Challenges to political system or state could be in the form of armed struggles.

Ethnic separatist problems in Southeast Asia, the Sino-Taiwan question, territorial disputes in the South and East China seas, the issue of unification of the Korean peninsula and terrorism are just among the security flashpoints in the region that revolve around more on identity issues, rather than on geopolitical considerations. There is a need to effectively address ethno-nationalist cleavages and grievances in order to resolve these flashpoints.

Mely Anthony, Associate Professor at the S Rajaratnam School of International Studies, highlighted the significance of regional and global efforts to effectively address multiple non-traditional security issues, particularly WEF (water, energy, food) challenges. As the world becomes more interconnected, it is a paradox that people are growing apart, too. This is primarily due to the lack of global governance that could effectively deal with multitude of non-traditional security issues.

Rising population leads to rising demand for finite resources such as water and food. Approximately 1.2 billion people or one-fifth of the world population live in water-scarce areas. As global population continues to increase and cities proliferate, higher demand for water must be expected. The compounding pressures on the demand and supply of water resources located in overlapping border have the potential to trigger armed conflicts among nation-states.

There is also a need to address depleting sources of traditional energy as a consequence of increasing global demand for energy. It is expected that the world's demand for energy will increase by 40 per cent in 2030. The issue gets more complicated with the eruption of violence in regions where oil and gas are extracted. Moreover, the Fukushima nuclear accident in Japan has significantly reduced the prospect of nuclear energy. Renewable energy sources are not yet fully explored and utilised as viable replacement of traditional energy.

The unimpeded increase in food prices could push 40–



Assoc Prof Mely Caballero Anthony



Dr Muthiah Alagappa



Prof Efraim Inbar (far right)

50 million people into poverty. Amidst the necessity to prioritise agricultural development, 25 per cent of the world's agricultural lands are already highly degraded. Given the aforesaid challenges, the world needs strong global institutions.

However, there has been global governance deficit in dealing with complex non-traditional security issues. Global institutions have been ineffectual as they are paralysed by contending national interests. Despite this deficit, there are several regional and sub-regional institutions that are addressing pressing issues, e.g., ASEAN food stockpile, the Mekong River

initiative, adhering to the principle of subsidiarity. Efforts at the regional level usually involve important stakeholders such as governments, NGOs and private companies. Technological innovations have also allowed stakeholders to reinforce their initiatives.

Efraim Inbar, Director, Begin-Sadat Centre for Strategic Studies, Bar-Ilan University, Israel, set out the regional and global geopolitical implications of Iran's nuclear ambitions. To impose its will on its neighbours and expand its geopolitical influence in the Middle East, Iran is reportedly spreading the 'Islamic-inspired' revolutionary ideology and sponsoring violence, coupled with the reinforcement of its nuclear programme. Israel has long been expressing its concern over the consequences of Iran's nuclear enrichment programme. The U.S. will lose its credibility in the eyes of the international community as a nuclear-powered Iran will effectively challenge U.S. dominance in the Middle East. It will also be able to control strategic sea lanes in the region through which pass 70 per cent of energy resources. More importantly, Iran's nuclear ambition is a security nightmare for its neighbours, particularly Israel, and would lead to armed conflicts as well as nuclear proliferation in the Middle East. But despite these implications, the current efforts of the West, including the U.S., to halt Iran's nuclear plans have proven ineffective. U.S. and EU sanctions, in particular, are not working as Iran remains determined to go nuclear. It was suggested that only a covert military strike could neutralise the threat posed by Iran's nuclear programme.



Panellists from the second discussion panel

PANEL 3

IS THE WORLD ECONOMY GOVERNABLE?



Mr Nik Gowing was the moderator for the third discussion panel

Moderator

Nik Gowing, International Broadcast Journalist

Speakers

Roberto De Ocampo, Chairman, RFO Center for Public Finance and Regional Economic Cooperation; former Secretary of Finance, Philippines

Masahiro Kawai, Dean and Chief Executive Officer, Asian Development Bank Institute, Japan

Jean-Pierre Lehmann, Emeritus Professor of International Political Economy, IMD, Switzerland; Senior Fellow, Fung Global Institute, Hong Kong

Panel Three, comprising Roberto de Ocampo, Masahiro Kawai and Jean-Pierre Lehmann, addressed the challenges facing the world economy. They examined critical governance issues set against a backdrop of a leadership vacuum, shifting power configurations, and the inability of instruments and institutions to adapt to profound and rapid change in the global political and economic landscape. They shared their insights on their implications for Asia, particularly as the global balance of power shifts to the region.

The speakers discussed the viability and prospects of

global economic governance, focusing on three key themes: the pressing leadership gap, reform of global financial institutions such as the G-20 and the IMF, and the role for regional financial institutions.

Today's world economy is at a tipping point as it is shaped by a number of discontinuities. Lehmann identified five major discontinuities: the Chinese economic revolution, the global market revolution that followed, the paradigm shift created by progress in information communications and technology, massive demographic transformations, and the challenge of managing climate change. Much

has changed in a very short period of time and world leaders and institutions are having trouble keeping up with the developments.

On the leadership vacuum, the dominant economies which drove the Bretton Woods system—the United States and leading European countries—find themselves lacking the ability and authority to lead global economic governance as they struggle with economic difficulties in their own backyards. De Ocampo raised a critical issue as he pointed out that the rules of global economic governance were broken by the dominant economies who wrote the rules themselves. The speakers also highlighted that, while emerging economies such as China are now in the position to take the reign, they are unwilling and unable to do so as they focus on more urgent domestic issues. In the absence of strong and clear leadership, global economic governance has stalled. The United States and Europe must take the necessary steps to repair their respective economies to regain their credibility as leaders. Lehmann noted that, while strong leadership cannot be expected from the usual suspects, emerging economies possess the potential and capabilities, which must be strengthened in time. Kawai called on Asian leaders to come up with a common vision and identity and cultivate the ability to articulate this effectively to the rest of the world. The discussion also dealt with the nuances of working within a multipolar regime. Global economic governance should be driven by leadership built on community and consensus. The speakers also emphasised the need for increased participation of non-state actors, supporting

the idea of a “global village” in the conduct of global economic governance.

The speakers were all in agreement about the need for significant reform in existing global financial institutions as their effectiveness and legitimacy are questioned. Kawai highlighted the problem of a governance trilemma wherein international organisations are faced with the challenge of achieving democratic decision making, universality of membership, and effectiveness in developing solutions and required outcomes. The existing institutions are struggling with all three pillars and are in dire need of reform. De Ocampo argued that the solution to global economic governance problems does not necessarily lie in the creation of an overarching supranational institution. Existing international organisations must continue to evolve to keep pace with the changing realities and the emergence of a “new normal.”

With the recent progress in regional mechanisms and institutions such as the Chiang Mai Initiative Multilateralisation (CMIM) and Asian Bond Market Initiative (ABMI), the speakers believed that Asia is heading towards the right direction in establishing a stronger regional financial system. Kawai and De Ocampo also supported the revival of proposals for an Asian Monetary Fund (AMF). In response to concerns that the AMF will be opposed once again, De Ocampo noted that institutions must evolve to make systems more cohesive and less prone to crises. This does not mean that the region needs the AMF immediately but we need to take important steps to avoid future crises. These institutions should



Prof Jean-Pierre Lehmann



Prof Masahiro Kawai

not be considered as alternatives to multilateral financial institutions but should be seen as complements. Kawai pointed out that the European experience suggests that even if the European Union played an important role in managing crises, the International Monetary Fund (IMF) was still involved. In the case of Asia, if a crisis grows to the extent that it has global spill-overs, the AMF and the IMF will have to work together.

A decentralised regional approach was suggested but it was emphasised that international consistency and coherence must be maintained. Having strong regional financial institutions will also help build a stronger and more credible Asian voice in global institutions and forums. While Asian representation in such groups has been increasing, the quality of representation as reflected in the strength of the regional economies themselves is just as important.

Furthermore, the discussions underscored the need to take a long-term perspective on global economic governance. Lehmann expressed his concern that a vision for future governance is not sufficiently high on the global agenda. The ensuing dialogue cited high



Dr Roberto de Ocampo (right)

unemployment, especially among the youth, and the need for sustainable solutions including investments in education and job training as important areas that need to be addressed. Now is the time for a period of deep reflection on reform to determine what path global economic governance should take.



CLOSING KEYNOTE ADDRESS

*Ibrahim A. Gambari, Joint Special Representative, United Nations/African Union Mission in Darfur;
and former Minister for Foreign Affairs, Nigeria*

CHINA-AFRICA RELATIONS: CHALLENGES AND OPPORTUNITIES



Prof Gambari delivering the Closing Keynote Address

In his keynote address, Prof Ibrahim A. Gambari highlighted the challenges and opportunities of China-Africa relations.

He highlighted China's emergence as a global economic power whose rapid rise would have profound consequences for its political, security, trade and cultural relationship with the U.S., Africa and the rest of the world.

China's engagement with Africa in particular has increased tremendously in the past years and has been mutually beneficial. The two-way trade between China and Africa, which totalled US\$8.9 billion in 2000, grew to US\$160 billion in 2011. China's trade as a proportion of Africa's total trade has risen to 13 per cent from 3 per cent a decade ago. Moreover, China's foreign direct investment in Africa jumped from under US\$100 million in 2003 to more than US\$12 billion in 2011.

As China has become a leading trade, investment and economic player in Africa, the continent's development picture has also dramatically improved in recent years with significant growth in telecommunication, banking and retail sectors. Africa's economic growth is

not just the result of rising oil or mineral prices, as in the past. China-Africa relationship is also not limited to the public sector but also involved the private sector which is carrying out direct investments in China. Through foreign direct investment and foreign aid, China has helped African states to increase their infrastructures, support their developments and sustain economic growth. Furthermore, China has, at all times emphasised the principles of respect for the sovereignty, unity and territorial integrity of African states, which the latter find both attractive and comforting.

While China's role is likely to deepen significantly in the coming years, it is important to situate China's trade and economic relations with Africa in the context of the country's multi-dimensional engagement with the continent.

Gambari brought up three major strengths in China's partnership with Africa. Firstly, China economy is growing rapidly while economies in other Western countries are declining. With its strong economy, China ensures the availability of capital to be invested in Africa. Secondly, China's willingness to invest in areas

African countries identify as priority areas, especially in building infrastructures. Thirdly, China offers not only trade and investments but also solutions and technologies relevant for Africa's context which includes exchanges and transfers of technologies and sharing of knowledge and best practices.

Despite the opportunities, China-Africa relationship also posed several challenges. First is the fear of Africa's new colonisation, driven by demand for natural resources. Nevertheless, China's investments are not limited only to natural resources but are also in infrastructure projects. Second, the quality of Chinese construction has increasingly being called into question. Several incidents have raised questions on the delivery of China's products. Africans are now insisting more on quality rather than quantity. There are also concerns about China's tendency to pay scant attention to human rights abuses. This attitude is however seen in some quarters as lowering the pressure on African governments to improve upon their records on human rights and good governance. Additionally, there also concerns about poor labour quality and complaints from African workers about poor treatments and unfair wages payment. Third, strong economic linkages between China and Africa also mean that economic shocks happening in China may also heavily affect Africa. Chinese economic slowdown posed a major risk for Africa's development.

Gambari concluded that the relationship between the two countries provides more opportunities than challenges. He provided several recommendations to improve the relationships between both countries. Firstly, African countries need to develop individual, sub-regional and regional strategies for engaging China in win-win scenarios. They should develop rules and laws to protect domestic interests of their workers and the environment and strengthen institutions to enforce them. Furthermore, while conducting daily business, Africa should leverage on China for skill acquisition and technology transfer as well as infrastructural development.

Secondly, relationship between China and Africa should not be limited to economic development but should also enhance and deepen the multi-dimensional character of its engagement. China should support Africa's effort to tackle multiple challenges such as security, development, and human

rights. He also encouraged more Chinese companies to work with the African development agencies and voluntarily sign the United Nations Global Compact, the largest voluntary corporate responsible initiative which calls for the support and respect of human rights, freedom of association, freedom from child labour, and work free from corruption.

Finally, China should identify with, encourage and provide concrete support for and the innovative African Peer Review Mechanism (APRM). By doing so, China would help Africa to address important issues in Africa.



Prof Gambari (left) participated in a Q&A session after delivering his presentation on Africa-China relations



A dialogue participant posing a question to Prof Gambari

PROGRAMME

Shangri-La Hotel, Singapore

Thursday, 20 September 2012

- 18:30 – 19:30 Registration and Welcome Reception
- 19:30 – 19:45 **Opening Remarks**
Barry Desker
Dean, S. Rajaratnam School of International Studies; Director, Institute of Defence and Strategic Studies; Bakrie Professor of Southeast Asia Policy
- 19:45 – 21:30 **Keynote Address and Welcome Dinner**
Teo Chee Hean
Deputy Prime Minister; Co-ordinating Minister for National Security; Minister for Home Affairs, Singapore

Friday, 21 September 2012

- 18:30 – 19:30 Registration
- 08:50 – 09:00 **Introductory Remarks**
Barry Desker
Dean, RSIS
- 09:00 – 09:45 **Conference Keynote Address**
"Principles of Pax Pacifica—Building the East Asia Security Order"
Kevin Rudd
former Australian Prime Minister
- 09:45 – 10:15 Tea Break

- 10:15 – 12:00 **Panel 1**
U.S.-China Relations: Cooperation or Collision?
 The way the two largest global economies and defence spenders manage their bilateral relations in the coming years will have a tremendous impact on Asia and the world. The American decision to refocus its diplomacy and military forces toward the Asia Pacific has been viewed as a response to China's growing regional ambitions. Can the United States afford its long-term policy ambitions in Asia? How will Beijing react to the U.S. 'pivot' strategy? Can the United States and China be persuaded that their interests lie in cooperation rather than competition? These are some of the questions that will be addressed by the panellists.

Brahma Chellaney

Professor of Strategic Studies, Centre for Policy Research, New Delhi

Aaron Friedberg

Professor of Politics and International Affairs, Princeton University

Riaz Khan

former Foreign Secretary of Pakistan

Zhu Chenghu

Professor, Academic Department of Strategic Studies, National Defense University, China

Moderated by Chan Heng Chee

Ambassador-at-Large, Ministry of Foreign Affairs, Singapore; Executive Chairman of the Lee Kuan Yew Centre for Innovative Cities in the Singapore University of Technology and Design (SUTD)

- 12:00 – 14:00 **Luncheon and World Leader Keynote Address**
"Governance of a Multipolar World Order"
Pascal Lamy
Director-General, World Trade Organization, Geneva

Introductory Remarks By Barry Desker, Dean, RSIS

PROGRAMME

14:00 – 15:45	<p>Panel 2</p> <p>Contemporary Global Security Challenges</p> <p>This panel will address some of the most profound and urgent challenges to the world's security today. Choices made now will determine the trajectories of strategic, political and economic life for a long time to come. Will the build-up to crisis over Iran's nuclear ambitions bring unprecedented upheaval or can it be averted? How will the turbulence in Afghanistan play out as the United States begins to withdraw its forces? The popular uprisings associated with the Arab Spring have led to revolts in Libya and Syria. What are the lessons for us? And finally, in the wake of the Fukushima disaster, what is to become of the promise of a nuclear renaissance?</p> <p>Muthiah Alagappa <i>Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS) Malaysia concurrently Non-Resident Senior Associate, Carnegie Endowment for International Peace, Washington, D.C.</i></p> <p>Mely Caballero Anthony <i>Associate Professor and Head of Centre for Non-Traditional Security Studies, RSIS</i></p> <p>Efraim Inbar <i>Director, Begin-Sadat (BESA) Center for Strategic Studies, Bar-Ilan University, Israel</i></p> <p>Moderated by Joseph Liow <i>Professor of Comparative and International Politics and Associate Dean, RSIS</i></p>	16:15 – 17:45	<p>Panel 3</p> <p>Is the World Economy Governable?</p> <p>The G20, which has declared itself as the “premier forum for international economic cooperation”, continues to suffer from “input” legitimacy—its exclusive nature and lack of broader representation—and “output” legitimacy—its ability to strengthen international cooperation and come up with effective solutions. Its agenda is also quickly becoming overcrowded. At the same time, the global economic architecture is also moving towards a more decentralised system with global, regional, and national institutions. How can we make the G20 more effective? How can we promote greater complementarity between global, regional, and national institutions? Is the world economy governable?</p> <p>Roberto De Ocampo <i>Chairman, RFO Center for Public Finance and Regional Economic Cooperation; former Secretary of Finance, Philippines</i></p> <p>Masahiro Kawai <i>Dean and Chief Executive Officer, Asian Development Bank Institute, Japan</i></p> <p>Jean-Pierre Lehmann <i>Emeritus Professor of International Political Economy, IMD, Switzerland; Senior Fellow, Fung Global Institute, Hong Kong</i></p> <p>Moderated by Nik Gowing <i>International Broadcast Journalist</i></p>
15:45 – 16:15	Tea Break	17:45 – 18:30	<p>Closing Keynote Address</p> <p>“China—Africa Relations: Challenges and Opportunities”</p> <p>Ibrahim A. Gambari <i>Joint Special Representative, United Nations/African Union Mission in Darfur; Former Minister for Foreign Affairs, Nigeria</i></p> <p>Introductory Remarks By Barry Desker, Dean, RSIS</p> <p>Closing Remarks</p> <p>Barry Desker <i>Dean, RSIS</i></p>

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ABOUT RSIS

The S. Rajaratnam School of International Studies (RSIS) is a professional graduate school of international affairs at the Nanyang Technological University, Singapore. RSIS' mission is to develop a community of scholars and policy analysts at the forefront of security studies and international affairs. Its core functions are research, graduate teaching and networking. It produces cutting-edge research on Asia Pacific Security, Multilateralism and Regionalism, Non-Traditional Security, International Political Economy, and Country and Area Studies. RSIS' activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia Pacific.

For more information about RSIS, please visit www.rsis.edu.sg.

ABOUT NANYANG TECHNOLOGICAL UNIVERSITY

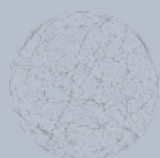
A research-intensive public university, Nanyang Technological University (NTU) has 33,500 undergraduate and postgraduate students in the colleges of Engineering, Business, Science, and Humanities, Arts, & Social Sciences. In 2013, NTU will enrol the first batch of students at its new medical school, the Lee Kong Chian School of Medicine, which is set up jointly with Imperial College London.

NTU is also home to four world-class autonomous institutes—the S. Rajaratnam School of International Studies, National Institute of Education, Earth Observatory of Singapore, and Singapore Centre on Environmental Life Sciences Engineering—and various leading research centres such as the Nanyang Environment & Water Research Institute (NEWRI), Energy Research Institute @ NTU (ERI@N) and the Institute on Asian Consumer Insight (ACI).

A fast-growing university with an international outlook, NTU is putting its global stamp on Five Peaks of Excellence: Sustainable Earth, Future Healthcare, New Media, New Silk Road, and Innovation Asia.

Besides the main Yunnan Garden campus, NTU also has a satellite campus in Singapore's science and tech hub, one-north, and is setting up a third campus in Novena, Singapore's medical district.

For more information, visit www.ntu.edu.sg.



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