



Select Committee on International Relations and Defence

Corrected oral evidence: The UK's security and trade relationship with China

Wednesday 14 April 2021

10 am

Watch the meeting

Members present: Baroness Anelay of St Johns (The Chair); Lord Alton of Liverpool; Lord Anderson of Swansea; Baroness Blackstone; Lord Boateng; Lord Campbell of Pittenweem; Baroness Fall; Lord Mendelsohn; Baroness Rawlings; Lord Stirrup; Baroness Sugg; Lord Teverson.

Evidence Session No. 5

Virtual Proceeding

Questions 49 - 60

Witnesses

I: Dr Lynn Kuok, Shangri-La Dialogue Senior Fellow for Asia-Pacific Security, International Institute for Strategic Studies; Veerle Nouwens, Senior Research Fellow, Royal United Services Institute.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Dr Lynn Kuok and Veerle Nouwens.

Q49 The Chair: Good morning, and welcome to this meeting of the International Relations and Defence Committee in the House of Lords. I welcome to our meeting Dr Lynn Kuok, Shangri-La Dialogue Senior Fellow for Asia-Pacific Security, International Institute for Strategic Studies, and Veerle Nouwens, Senior Research Fellow, Royal United Services Institute. Thank you both for joining us today to share your expertise as we continue to take public evidence for our inquiry into the UK's security and trade relationship with China.

I remind members and witnesses that our session is recorded, transcribed and broadcast, and it is on record as such. I also remind Members to declare any relevant interest when they ask questions. If there is any time remaining at the end of the formal run of questions I shall invite my colleagues to ask supplementary questions. The session is expected to close by 11.30 am. I shall, as usual, begin by asking the first question, which is always rather general in nature to set the scene, and after that I shall invite my colleagues to ask more detailed, probing questions.

Western policymakers increasingly refer to the Indo-Pacific region. What distinguishes that from the Asia-Pacific region and what is the reason for that change in terminology or naming? Why has it changed? May I first call on Dr Kuok?

Dr Lynn Kuok: Thank you so much, Baroness Anelay and my thanks as well to the House of Lords for this invitation to speak before you today.

On your question of the terminology, I think the Indo-Pacific terminology, unlike the Asia-Pacific terminology, captures the integral link between the Indian and the Pacific oceans as one strategic theatre. It also highlights the importance of the maritime domain for the region's security. It is often said that in the region security is largely, although not exclusively of course, about maritime security, so it is really analytically quite strong in that respect.

Although Japan and Australia have long thought about the region in those terms, the Indo-Pacific terminology only recently gained momentum with the Trump Administration's adoption of the nomenclature. The fundamental reason for this change of terminology in the United States can be summed up in one word, China, and the desire to balance the rising power of China. In an important new book on the subject entitled *The Indo-Pacific Empire*, Professor Rory Medcalf talks about how Indo-Pacific terminology is principally about recognising and responding to China's widening strategic horizons.

Different countries take different views about the Indo-Pacific's geographic reach, but one thing is clear: India becomes a very important player in the Indo-Pacific mix, and this has a balancing effect in the wider region, particularly vis-à-vis China.

Given that South-East Asia is at the heart of the Indo-Pacific I would like to touch a little bit on South-East Asia's view of the Indo-Pacific concept, as this should at the very least inform UK policy and strategy in the region.

In June 2019, the Association of Southeast Asian Nations adopted the *ASEAN Outlook on the Indo-Pacific*. Many took this as evidence that ASEAN was throwing its weight behind the United States and its free and open Indo-Pacific, but the reality is far more nuanced.

The *ASEAN Outlook on the Indo-Pacific* is a carefully calibrated document. It mentions the Indo-Pacific, but it also recognises the importance of infrastructure development, which is a nod to China. Also, it does not mention the Quadrilateral Security Dialogue, with its close links to the Indo-Pacific. China is quite disapproving of the Quad, which it resents as a method by which the United States and its allies and partners seek to contain China. So there is no mention of the Quad in the *ASEAN Outlook on the Indo-Pacific*. Instead, ASEAN seeks to talk about the importance of economic integration as well as connectivity.

Even the title of the *ASEAN Outlook on the Indo-Pacific* suggests a certain distancing from the concept. It is, as diplomats stress, the ASEAN outlook on the Indo-Pacific and not ASEAN's Indo-Pacific outlook. It is semantics, but it is important to the region. It is also to be noted that, apart from Indonesia and Thailand, the rest of the ASEAN countries do not adopt Indo-Pacific terminology in their national statements, and even the ASEAN chair's statement last year adopted Asia-Pacific terminology.

So there is some reticence about the idea there, and this arm's-length approach towards the Indo-Pacific concept points to a broader reluctance in South-East Asia to choose between the United States and China. I think the United Kingdom needs to keep this in mind as it thinks up the best way to approach the region. I will leave it there. Thank you.

The Chair: Thank you very much. I now turn to Veerle Nouwens.

Veerle Nouwens: Thank you, Baroness, and thank you, Members, for having me here today. It is a real privilege to speak to you all.

I agree with quite a few points that Lynn has already made. First and foremost, to make it very short and simple, it is the confluence between the Indian and Pacific oceans and the integration of India into the strategic theatre. The exact geographic boundaries of the Indo-Pacific do not exist, and this is not new: if we look at, say, the Asia-Pacific and how that has been conceptualised, depending on what specific issue you are looking at you would or would not consider Latin America, for example, to be included.

Here in the Indo-Pacific context we are seeing a move towards different interpretations based on different parties' interests in that region specifically. I like to look at the widest extent of this geographic zone,

which is coast to coast, east Africa to the west of the Americas. But, again, every country's interpretation here will differ significantly.

There is an area that everyone can agree on, a so-called core or heart of the Indo-Pacific, and that is not just South-East Asia. It is also South Asia, but to varying extents it could include Pakistan, for example. Not everyone includes this. It would include North-East Asia, of course, and then Oceania.

There is a periphery around this. East Africa, the western Indian ocean, the Gulf, Latin America are all incredibly important to strategies on the Indo-Pacific, and, I would argue for the UK, are very important to think about, but we can get into that later. But, again, they will differ according to every country's specific interests. France, for example, depending on the issue at hand, will include Central Asia more and will speak more about Latin America and port visits, for example, or will look at French territories in the west Indian Ocean region. Again, this is a very fluid concept, and we do not need necessarily to get stuck on the geographic limitations or boundaries of it.

It is not quite clear just yet how the UK interprets and envisions the Indo-Pacific region. In the Integrated Review there was mention of Pakistan and Afghanistan in discussions about the Indo-Pacific, but in previous conversations and statements Secretary Raab stated that it was going to be east of India towards the South Pacific. Again, I think we will see a flexible approach, and that is probably the right approach to take.

Why is everyone interested? I take a slightly different tack to this from what has already been said. The Indo-Pacific will increasingly grow to be the world's geo-economic centre of gravity. This is where markets and populations will grow. According to the Asian Development Bank, which looked at several Asia-Pacific countries, including India, the Asia-Pacific alone would account for over half the world's GDP by 2050, by its estimates. The same report also predicts that the Asia-Pacific region will account for over half of the global population, and, by some calculations, by 2030 India and China alone will account for over half of the global middle class. If we then take into account the other areas of the Indo-Pacific, these numbers will become even more significant.

As I said, the Indo-Pacific will likely therefore be the engine and the driving force of the global economy in decades ahead, notwithstanding all kinds of caveats and things that need to be resolved, but this has implications for global trade and investment flows, energy consumption and for standards setting. Standards in infrastructure and technology, and in the governance frameworks thereof, that are adopted in this part of the world will have a bearing on the standards and technologies that are adopted globally in the decades ahead. So extra-regional economies have a lot to gain in this part of the world.

However, this dynamic of economic growth is also changing the geopolitical fabric of the region, which is natural and to be expected, quite frankly. We have seen China turn its economic power into military

might. We see other countries in South-East Asia pursuing military modernisation, and while that is all fine it exacerbates existing problems and challenges that frankly could have an adverse impact on its economic role and the economic growth in the region.

Key maritime trading routes, which are lifelines for the global economy, flow through these regions and through chokepoints in the region, and of course these could be destabilised and are susceptible to disruption. More generally, as Lynn has already said, the rise of China and its pursuit of regional dominance in military, economic and political terms are of great concern to countries in the region but also to countries outside the region.

The Chair: Thank you both very much indeed for such a helpful scene setting. I should explain that I like to try to ensure that each of our witnesses has the opportunity alternately of answering first.

Q50 **Lord Stirrup:** Thank you both very much indeed for coming this morning. My question is a short one, but it is also one that I suspect could elicit the response, "Where on earth do I start?" Could you try to identify for us what in your view are the main security issues and potential flashpoints in the Indo-Pacific region?

Veerle Nouwens: Thank you. It is a very important question, as we have already discussed or touched upon some of the challenges that lie ahead. Lynn has mentioned the importance of the maritime domain, and maritime security is absolutely vital to this part of the world. The conditions and existing activities in the East and South China Seas are incredibly important and a potential flashpoint that we see continuously evolve. Even right now in our own media there are reports on what is going on in the Philippines and the Whitsun Reef. We see China attempting to create a domestic legal foundation for defending what it sees as its own maritime sovereign territory. This is coupled with military modernisation and professionalisation, an emphasis on party loyalty of the PLA,¹ putting different PLA forces under the central command of the Central Military Commission, and therefore changing the chain of command and making that more susceptible to the party's own political priorities.

The Chinese legal framework that I just mentioned is not consistent with international law, whether that is the nine-dash line or some of the claims that it is putting down. The news today is that China has been seeking to effectively copyright the South China Sea and all the features in the South China Sea. There is a whole range of tools that China is using for lawfare—we can get into them in detail later, if you want—to try to establish a new status quo, a new lay of the land, of who really owns this part of the world. As I said, that is not consistent with UNCLOS.²

¹ The People's Liberation Army

² The United Nations Convention for the Law of the Sea

In recent years, we have also seen increased harassment by Chinese vessels—be that the PLA or the coastguard—of foreign and local warships as well as fishing vessels of the littoral states in the South China Sea. We have seen legal changes where most recently the Chinese coastguard has been given a right and a legal mandate to use lethal force in “sea areas under the jurisdiction of the People’s Republic of China”. Of course, that is effectively the South China Sea and, one would imagine, the East China Sea. There is also the additional complexity of China’s maritime militia, which are in effect reinforced fishing vessels that, according to research done by numerous institutions, are being used to assert force projection as well as maritime control in the South China Sea, including increasingly in the EEZs³ of other countries. We see that, as I mentioned, in the Philippines.

A second flashpoint is Taiwan. There are different assessments as to how imminent any sort of adventurism or take of Taiwan will be, but my personal assessment is that some of these are slightly exaggerated. I do not at the moment see China making a mass manoeuvre on Taiwan, given the various developmental objectives that it has not yet reached. Effectively, we have seen increased incursions into Taiwan’s air defence identification zone, which sends a signal to Taiwan and the United States that China is watching very closely and that it is against any sort of attempts to create an independent Taiwan, which Taiwan says it is anyway, of course.

However, I really must stress that China’s incomplete military and economic objectives, and the likelihood that a kinetic attack on Taiwan would provoke an American and now possibly even a Japanese response, means that this would need to be an all or nothing moment for China, quite frankly.

We cannot underestimate how catastrophic losing a Taiwan contingency would be for the CCP, which has written the reunification of Taiwan into the party canon and connected reunification with achieving the China dream by 2049. It would have to be pretty sure that if it were to make a move on Taiwan it would be successful in doing so. If it were to make a move on Taiwan and invade Taiwan, it would also have to be very sure that it could hold Taiwan, which is another matter altogether, which would be hugely costly and very challenging, given the pro-Taiwanese sentiment that currently exists on the island but would no doubt be heightened in the event of an attack of some sort.

Once again, it seems that Beijing is now pursuing different routes of influence in Taiwan, falling back on those economic integration and diplomatic isolation manoeuvres. Prior to an all-out military attack on the island, if that were to happen, I think we will continue to see China conduct grey zone activities to attempt to convince the Taiwanese government and population that reunification with the mainland is

³ Exclusive Economic Zone

inevitable, or we could see movements on some of the smaller islands of Taiwan, such as Kinmen or Pratas.

However, in general the situation in Taiwan is such that I think the Chinese Communist Party is at a bit of a loss as to what it can do. It has tried a lot of different methods and a lot of different tools and techniques to try to convince Taiwan that reunification is inevitable. The situation in Hong Kong has thrown a two-state solution out of the window. It is just not, in my view, the right time for a mass military manoeuvre on the island.

There are also other potential flashpoints, like the border with India, and I am sure that will come up later at some point. There is one other flashpoint that I want to stress, and that is environment, or environmentally-linked crises, in the region. In the maritime domain, which is an area that I look at, fishing and the impact on food security and human security, and the potential of a crisis there, cannot be understated.

China has a deep and extensive role in this as well. China represents half the world's fishing fleet. Its distant water fishing fleet is the world's largest, and the impact of this in the South China Sea is acute. The South China Sea's fish stocks have been depleted by 70% to 95% since the 1950s, depending on different estimates. Catch rates have declined over the last 20 years by between 66% and 75%. Island building and giant clam harvesting, which China is engaging in massively, are estimated, at least in 2017, to have severely damaged or destroyed 160 square kilometres of coral reefs in the South China Sea.

The impact on food security is dire. Fish accounts for 19% of animal-source protein in Asia, and 75% of animal protein in Cambodia comes from fish. Fisheries are the main or supplementary source of employment and livelihood for more than 47 million people in the region, including China. We may not see a collapse tomorrow, but we need to think more broadly about potential future crises in the Indo-Pacific region and their impact on regional security.

The Chair: Dr Kuok, over to you.

Dr Lynn Kuok: Thank you so much, Chair, and thank you, Lord Stirrup, for your important question. I think that Veerle has dealt very comprehensively with the various flashpoints in the region. They are the usual suspects: the Korean Peninsula, Taiwan, the East China Sea, the South China Sea, clashes on the Indo-Chinese border and, as she has highlighted, environmental dangers.

I would like to focus on the South China Sea, because it is an issue that I work very closely on. We have not talked yet about the UK's interests and priorities in the Indo-Pacific, but I hope that we will have a chance later to talk about that, because in a sense that is the horse before the cart of examining UK engagement in the region.

In my view, the UK has a strategic interest in defending a rules-based order in the region, both as a means to promote its economic interests as well as its security interests in the region, and to ensure that the rules-based order is not undermining closer to home, because where the rules are undermined in one part of the world they are undermined elsewhere.

In the South China Sea, a rules-based order and a balance of power are under threat by China's actions fortifying disputed features and its attempts to consolidate its claims and control over the waters surrounding these features. Despite the pandemic, China's activities in the South China Sea have continued unabated and have arguably intensified. Veerle has gone through the list of activities very comprehensively. I will group them into three main categories, as each has different implications for the rule of law.

First, China has encroached upon the exclusive economic zones, or EEZ, of littoral states. This is in direct contravention of the UN tribunal ruling in the Philippines' case against China, whose main significance was to clarify resource rights. The upshot of the tribunal's ruling is that coastal states enjoy certain rights and jurisdiction over their EEZs, unencumbered by China's expansive nine-dash line as well as any exclusive economic zone generated from a feature or groups of features in the Spratly Islands, which are the islands to the south of the South China Sea.

Secondly, China has also maintained a heavy presence around various disputed features in the South China Sea, including most recently, as Veerle highlighted, around Whitsun Reef, which is located within 200 nautical miles of the Philippines mainland. About 200 Chinese fishing vessels have been reported to have surrounded the reef. China's presence around disputed features is not necessarily unlawful. This will largely depend on the status of the feature, as well as its location in relation to other disputed features.

The Philippines has condemned China's presence around the Whitsun Reef as a violation of international law and derogation of its sovereign rights in its EEZ, but, as former colleagues at the Centre for International Law in Singapore have pointed out, the legality of it is not quite so simple.

That said, the numbers and the persistence of Chinese vessels around disputed features, even while not necessarily unlawful, point to an exercise on Beijing's part to exercise coercion and intimidation on South-East Asia's littoral states. In this case, with the vessels surrounding the Whitsun Reef, the fears are that China intends to take control of the reef itself, much like it did with Mischief Reef in 1995 as well as Scarborough Shoal in 2012.

The third category of problematic behaviour or unlawful behaviour on China's part has been to object to assertions of lawful maritime rights and freedoms on the part of the United States, the UK and others. Some of you might recall that China objected in September 2018 to the passage of HMS "Albion" through the Paracel Islands, which are to the

west of the South China Sea, on the basis that such actions infringed on China's sovereignty. However, the UK was in fact challenging China's illegal straight baselines surrounding the Paracel group of features, which seek to convert waters within this group of features into internal waters through which other countries have no right of passage. China's objections to lawful assertions of maritime rights and freedoms by the US, UK and others are inconsistent with passage and other high-sea freedoms enshrined under UNCLOS, which China itself ratified in 1996.

Quite apart from being unlawful, these objections are particularly worrying especially amid heightened geopolitical tensions. Previous periods of heightened geopolitical tensions have led to close encounters between the US and Chinese vessels, most notably in September 2018 when, against a backdrop of worsening trade tensions, a Chinese vessel came within 41 metres of the USS "Decatur" while it was conducting a freedom of navigation operation in the Spratly Islands.

Such close encounters have occurred despite commitment to rules of behaviour. It is often said that China and the United States would need more agreements on how they should be behaving, but they do have agreements, and in this case the memorandum of understanding for safety of air and maritime encounters was signed between the United States and China in November 2014. The question is not really about what other agreements we need but about implementing and enforcing or adhering to the agreements that the great powers have already agreed to.

Another worrying development, which Veerle touched on earlier, was the recent passage by China of its coastguard law. This law permits the coastguard to use force in Chinese jurisdictional waters, but the problem is that China's interpretation of those waters is very expansive. Basically everything within the massive U-shaped nine-dash line that encapsulates almost all of the South China Sea is considered by China to be its jurisdictional waters. It has not been absolutely clear about this, but its behaviour certainly points in that direction.

Providing the coastguard with that sort of leeway to use force when necessary in China's jurisdictional waters is the potential for conflict sitting right there. Also, the coastguard is empowered to remove structures built by other countries on features that are disputed, and that of course is another dangerous conflict point. I will stop there.

The Chair: Thank you very much indeed. I will go back briefly to Veerle Nouwens and then explain procedure from then on.

Veerle Nouwens: I agree on the point about the coastguard law; I think I made that point as well. Lynn rightly touched upon CUES, which is important: the Code for Unplanned Encounters at Sea between the US and China but also other countries.

The problem is not just that it is not implemented correctly. Fundamentally, there is a difficulty in implementing these kinds of

agreements, simply because: where do they apply? If it is about encounters in the high seas, what China considers and sees as high seas is not the same as anywhere else. Again, it is the willingness to apply this in different maritime zone interpretations that is problematic, and we have seen this in practice.

Secondly, in extending it, no account is taken of coastguards, and of course China uses force with its coastguards. This, again, is a loophole and an oversight that should probably be addressed in the future.

The Chair: Thank you very much. It was important that we were able to have an in-depth description of security in the background for the remainder of our questions. I should explain that in the hour that we have remaining I would like to have as an objective that, of the 10 questions we have left, five should be answered in the first half hour and five in the second.

There is a rationale to that, let alone finishing at 11.30 am. The rationale is that the first five questions that will now follow will address wide issues on Chinese policy, and the second group of five will address regional and international co-operation. Returning to Chinese policy, Lady Blackstone, over to you, please.

Q51 **Baroness Blackstone:** You have already both touched on this indirectly. Could you tell us more directly what role China aspires to, not just on its regional stage but on the international stage? Does it see itself as a global security actor?

Veerle Nouwens: This is an incredibly important question. I would stress that China sees its role and its different interests in different ways globally. Its immediate priority and its sense of urgency is its immediate neighbourhood. I would argue that the way it behaves within the first and second island chain is slightly different. Lynn has already pointed out some of the behaviour in the South China Sea. This of course accounts for the East China Sea as well, so it is very much about geopolitical and geo-economic considerations.

In the immediate term to medium term, it is about territorial integrity. It is about supplanting the United States in what it considers to be its own sphere of influence, and being able to exert that influence around the region bilaterally, but also multilaterally, through existing multilateral organisations such as ASEAN, but also creating new, parallel institutions. One example in the Mekong region is the creation of new regional organisations like the AIIB⁴ and the Shanghai Co-operation Organisation. This extends into the wider Indo-Pacific and is why the Indian Ocean region is so incredibly important, and why we see also within the Belt and Road an expansion of interests across this region in both economic and political terms.

⁴ The Asian Infrastructure Investment Bank

In Europe, again, there is a slightly different approach. It is very important as part of China's developmental ambitions, but also in political alignment and influence to match China's own core interests, be that Taiwan, the South China Sea or, more generally, infringements on what it considers its rightful status, as well as issues like economic and trade relations and investment, but also the acquisition of technology, which we succeed and lead on here in Europe and the UK.

Globally, China wants to be a heavyweight in the international system, which it sees as rightful and commensurate with its great power status. To be clear, this is not to create an entirely new order. It is not to upend the existing order. It is more to shape it in its own interests, and it has been doing this very proactively through engagement in international organisations. It currently holds leadership positions in five international bodies, when I last counted. The same goes for holding senior-level positions—it held senior-level positions in about 18 different international bodies, when I last counted. It has multiple ambitions in this sense, again extending influence but also exerting and promoting its own standards in technology, new frontiers like cyberspace, the polar regions, outer space, as well as the governance frameworks around those. None of that is surprising, but it is a challenge, given that we are not on the same page when it comes to the Chinese principles and values that it seeks to promote.

As a great power in the making, it sees itself as rightfully assuming in time a position on par with the United States and working to achieve that end. Militarily, we see China seeking at the very least to match and potentially surpass the United States in military power, which has a bearing on China as a global security actor.

I do not think China necessarily knows how it wants to use that power just yet. It has made it clear that it does not seek to reinvent itself as the next superpower. It does not want that responsibility. It does not want to be the global policeman. It has diplomatically tried to maintain a policy of non-interference. It notoriously tries to avoid taking sides.

There is a question as to how long it can keep that up, but it does provide global security. It sees itself as a responsible power in doing that, be that through peacekeeping, anti-piracy missions and co-operation in the past. Of course, we cannot forget that China also participated in non-combatant evacuation, for example from Yemen. It has played that role, but at the same time there is a flipside to that, which is that China militarily is learning from these activities. We can go into detail, but in the consideration of time I will leave it there.

The Chair: Thank you. Dr Kuok, is there anything you would like to add to that?

Dr Lynn Kuok: Thank you. I do not want to go over material that Veerle has already gone through, but I will add this. In my view, there is no doubt that China is increasingly demonstrating international aspirations. We see that from its behaviour, which spans the globe rather than

focusing on its region, or rather in addition to focusing on the region. What is less clear, in my view, are its motivations. Does it see its global aspirations and a degree of global dominance as the ultimate goal, or is a strong international position a means by which China is able to secure its periphery? There are different implications depending on which of these two factors motivates China.

Let me say a few words about how China's security role is perceived in South-East Asia. I think it is fair to say that despite China's increasing military strength there is considerable resistance, even by its strategic partners, to China taking over the US security role. Singapore's Prime Minister explained in a piece for *Foreign Affairs* in August last year that countries will always see China's naval presence as an attempt to advance competing territorial and maritime gains in the South China Sea, so how China has approached the South China Sea issue has really hurt its reputation.

Countries in the region also object, although more quietly, to China's attempts to influence its domestic population—influence within its borders. Many South-East Asian countries are sensitive about perceptions that China has an inordinate influence over their ethnic Chinese populations, and this includes Singapore, which is the only country in South-East Asia that has a majority Chinese ethnic population. These sensitivities of ethnicity and Chinese dominance will constrain China's security role in South-East Asia, at least for the foreseeable future.

For this reason, faced with the doubts over US wherewithal and intensifying US-China competition, South-East Asia is seeking to expand its strategic options by strengthening relations with middle powers, including the United Kingdom, as a means by which to enhance the region's multipolarity. This matters, because there is a degree of appetite for a greater UK engagement and presence.

The Chair: Thank you very much. I turn next to Lord Campbell and ask Dr Kuok to respond first.

Q52 Lord Campbell of Pittenweem: Good morning, and thank you very much for being with us and providing such extremely interesting answers to these questions.

My question, almost by implication, may have been answered already. How do Chinese leaders define national security domestically, regionally or internationally, and how do they identify threats and responses? Before I ask you for your answer, I might deconstruct the question for my own interests. When it comes to how they define national security domestically, in essence I am asking what they tell their own citizens about national security. Regionally, for example, what do they tell the Philippines about national security? Internationally, at the United Nations, how do they define national security? It would be interesting to know how they implement such definitions in their treatment, both internally and externally.

On the issues of threats and responses, are these elements of policy that

are aired substantially domestically or are they kept for the international arena?

The question may have wandered a little from its original form, but it is for my own benefit as much as anything else. Thank you.

Dr Lynn Kuok: Thanks so much, Lord Campbell. It is lovely to hear you and good morning to you.

Let me start by answering your deconstructed questions first before answering the overarching one. Nationally, China tells its own people that the security of the CCP is the security of the Chinese nation. There is an equation, as in many states in my part of the world of the party as the nation. The equivalent in history would be “L’état, c’est moi”, so national security is about CCP security.

Regionally, it tells the Philippines that its interest in the South China Sea if not a core interest—it has walked back some of those things as a core interest—is imperative to China and China will not back down on what it sees as its sovereign claims as well as its economic claims in the waters surrounding the Philippines.

I would like to point more directly to how President Xi Jinping himself talks about national security. The defining document in this respect is the April 2014 overall national security outlook. In this outlook, he highlights the five elements or aims of national security: the security of the people; political security, by which he means the security of the regime and the political system; economic security; military, cultural and societal security; and international security. National security in China’s national security law is defined as one where the major interests of the state are relatively secure and free from both internal and external threats.

On the external threats, it is important to note that, while there was much talk towards the end of the Trump Administration about whether a change in approach of a Biden Administration towards China would bring with it greater relief on China’s part and a reduced perception of threat—the focus in that respect was mainly on the Biden Administration’s policies towards China—what was generally neglected was the Chinese perception of threats, which did not arise overnight but were shaped by earlier events. We had the 1995-96 Taiwan Strait crisis, the 1999 bombing of the Chinese embassy in Belgrade that few in China believe was an accident, George W Bush’s labelling of China as a strategic competitor, followed by the EP-3 incident in 2001,⁵ Hillary Clinton’s statement in 2010 in Hanoi when she talked about the United States having a national interest in freedom of navigation and open access to Asia’s maritime commons and respect for the international law of the sea in the South China Sea.

All these earlier events and others have shaped Chinese perceptions of their national security, and I do not think it is something that a single

⁵ The collision of a US intelligence aircraft and a Chinese military plane over Hainan Island.

administration will change. It might look better on the outside, but China's perception of threat is very deeply held. In other words, the international community, the United Kingdom, this part of the world, needs to hold tight in its seats, as we will see the Indo-Pacific remain a hotly contested space.

The Chair: Veerle Nouwens, is there anything you would like to add?

Veerle Nouwens: Yes, definitely. I am very grateful for the clarification of the question, because it is an incredibly important question but a very big one. I am glad to have received a little more of a steer.

Domestically, as Lynn has already said, it is in effect about the strength and the security of the CCP of the Chinese Congress Party. There is a wide range of different domestic security issues, such as China's perception of destabilisation in Xinjiang and previous occurrences of what it found to be terrorism. There are resource issues, such as water security, food security, demographics and how that impacts the economy. More generally, there are economic and financial reform issues that are deeply needed but are not popular and very difficult to pursue in China.

On regional security and what it tells regional actors, I would say that China's line is still one of, "This is our region. Asia should be for Asians. We should be in control of our own region. So far, the United States has been meddling far too much. We are going to be the centre of the global economy and the political system, and we should be in control and not be so susceptible to foreign interference". I think that is what China is saying. It is trying in effect to tell the region that China can take a leadership role in that sense.

Of course, as Lynn has already rightly said, that does not resonate as well in the region as China would hope. The way it is trying to pursue this will not fly. In the negotiations on the code of conduct for the South China Sea, for example, there have been rumours that China tried to include a mention that foreign warships should not be allowed into the South China Sea unless that was approved by all 10 states. It is trying to make a very inclusive but at the same time exclusive region for the international community.

Internationally, China takes the leadership position of the leading country of the global south, of the developing world. It sees itself as standing up for the principles, the interests and the rights of developing countries and offers itself as a model for these countries to reach the economic growth targets that it has managed to achieve over the decades. In a political system competition, the values that China puts forward are very different from the values that other Western countries and Western-led groupings put forward in different scenarios to differing extents. That is how I would very briefly characterise that.

Does China communicate to its citizens the extent of these threats? I think so, to varying extents. Despite trying to beat the drum on the strength and importance of the country, China is still sometimes quite

wary of the potential nationalism that it can stoke and create, which it then will not be able to rein in, in times of tension and important crises. That is a double-edged sword for the CCP. If you start talking too much about different challenges that you are facing in your own country, that becomes a source of delegitimisation for the CCP, so you cannot talk about those too much.

On the foreign pressures and external drivers of Chinese insecurity, I think we see more of a discussion about the role of the United States, but, even then, in times of crisis we see that being toned down in the media, because that nationalism can be a concern for the CCP.

On what else it is concerned about, Lynn has already touched upon the Biden Administration, and I would say coalitions and alliances more generally. China is very aware that the international environment has taken a sharp turn against it, particularly among the Western partners in the Indo-Pacific region. Last year, we saw the extent of this with a rumoured report by a quite prominent Chinese think tank that feeds into the system, which said that the current state of anti-China sentiment is so bad and has so incredibly progressed, or taken a negative turn, that we have not seen its like since the Tiananmen Square crackdown or massacre in 1989. So they are aware of this and it is problematic. The fact that the Biden Administration will now be able to build on those alliances to more constructively engage with partners around the world is problematic for China.

How does China respond? Of course, there is a risk-benefit calculation there which China pursues on each different scenario. It is interesting and worth saying that China has not explicitly said what it considers to be an attack, so it maintains Mao's 24-character strategy of, "We won't attack if we aren't attacked, but if we are attacked we will surely counterattack". The problem is: what is an attack on China? It has not defined it; it will not define it. For example, is a cyberattack or a potential grey zone attack, or the perception thereof, enough of a justification for China to meet that with a response? That is a complicating factor for us all.

On coalition building as a response, China does not have alliances. It does, of course, have an alliance with the DPRK,⁶ but that is an exception. We are starting to see coalitions or stronger relationships being built with key partners such as Pakistan, Russia, Iran. The question is: will this form into a counter-coalition, a counter-partnership to the Quad or other groupings, or will China use this selectively?

The Chair: Before I turn to Lord Alton, in the interests of time after Lord Alton's question I plan to group together the questions of Baroness Rawlings and Baroness Fall. I appreciate, Veerle, that you have partly referred to one bit of Baroness Rawlings' question, so that is a helpful introduction. May I turn to Lord Alton, please?

Q53 Lord Alton of Liverpool: In answer to Lord Stirrup, Veerle Nouwens

⁶ The Democratic People's Republic of Korea (North Korea)

referred to the military threat to Taiwan. I was very struck by a report in yesterday's *Times* that, in an aggressive display of air power, Taiwan had recorded its largest air incursion yet—25 aircraft, including 18 fighter jets and four bombers.

Against that backdrop, China has announced that it will increase its defence budget by some 6.8% during this year. Do our witnesses think that is a true reflection of China's defence spending, and what are its spending priorities? How does it compare to that of China's neighbours and to the United States of America? You have touched on some of it already, but perhaps for the sake of the record you could give us some idea of the real expenditure and how it compares with its neighbours and the US. Thank you.

Veerle Nouwens: You have already mentioned the amount, 6.8% for 2020, which is around US\$188 billion. In 2020, we saw the Chinese government try to shield the PLA and the defence industrial economy from the pandemic-driven global economic downturn. The rate of China's defence budget growth from 2019 to 2020 slowed slightly to 6.7%. A slightly higher growth rate, 6.8% now from 2020-21, is a signal of greater confidence in the Chinese economic performance. However, the growth rates in the defence budget are much lower than the average growth rates we have seen in the last 10 years, so that is important to note.

It is also important to remember that, regardless of the global economic downturn, China's military procurement and defence and industrial economy are relatively protected from wider global economic downturns. We see that defence spending can be supplemented when needed, for example through arms sales or special projects or the capital market.

The Chinese government state that the defence budget and annual spending are transparent, but there are many different considerations as to whether that is true or not. We know that the official figure released annually is a lower estimate than what it probably is. It does not include foreign weapons purchases, military research and defence funding, or the People's Armed Police central budget.

The defence budget in 2020 is really interesting in the prioritisation of defence spending compared to other central government budgets. We saw the growth in spending on education take a hit of minus 7.5%, the growth in spending in science and technology take a hit of minus 9.1%, and the growth in spending on foreign affairs of minus 11.8%. That is a prioritisation of the defence budget more generally.

Compared to the United States, defence spending is still around only a third of the annual US budget. I would highlight that, in the context of regional defence spending, China's defence spending accounted for about 25% of global defence spending, but regional neighbours do not come close even to matching that. To put that in context, China's nominal increase in the defence budget from 2019 to 2020 amounted to about US\$12 billion, which was still greater than the defence budget increases

of all the other Asian states combined for that year. In 2021, the nominal increase amounted to around US\$13 billion, which is comparable to the size of the entire Taiwanese defence budget.

Dr Lynn Kuok: Veerle provided a very good context of this 6.8% figure. Let me restate some of that and then expand on some of what she said.

As she mentioned, the 6.8% increase in defence budget spending in 2021 is a slight increase over the 2020 6.7%. This is still lower than the average of 8.1% annual growth that we saw in the latter part of the last decade. Overall, however, it is a continuation of the single-digit growth from 2015 to 2019, which lags behind the double-digit growth from 2009 to 2014. That said, even though it is single-digit growth, we should not understate it. My colleagues Meia Nouwens and Fenella McGerty have written a piece about how in value terms the 2021 increase amounts to US\$13 billion, which is a figure comparable to the entire Taiwanese defence budget. It is single-digit growth and lower than its usual single-digit growth, but it is still phenomenal.

I cannot share screens as it has not been enabled, so to reiterate Veerle's point I would say that China's spending outstripped many of its neighbours. The Quad members combined, apart from the United States—India, Japan, Australia—still fall short of Chinese defence spending, and China's defence spending is more than four times that of South-East Asian countries combined, but it is far behind the United States defence spending. It is only slightly more than a quarter of the US defence spending.

It is also important to note that spending does not necessarily translate into effectiveness. The more you spend does not mean the better you get. It is a good basis, but it is still only the starting point. My colleague Dr Tim Huxley has pointed out how military capability is complex and that buying new, shiny objects does not necessarily provide countries with instant capabilities; he did not say "shiny objects", I did. Other important elements that he highlights include appropriate doctrine, suitable training, inspiring leadership, high morale and, very importantly, combat experience, of which China has very little.

So China is able to complicate US and allied operational planning activity, but it is still quite a long way off from clearly outstripping the US and its allies in military might.

The Chair: Thank you very much. I now turn to Baroness Rawlings and Baroness Fall to ask their questions.

Q54 **Baroness Rawlings:** Good morning and thank you very much for coming today. Keeping in mind the West possibly making alliances in the area for a joint response in case there is any further intimidation from China, which countries does China identify as its security partners? You have mentioned already Pakistan and Iran. What is its preferred mode of co-operation, ad hoc or more structured? How effective is that co-operation, even though there is a growing view that the CCP now so often

plays its nationalist card, which Ms Nouwens has just been referring to, that it suggests that Beijing could be worried about the durability of its centralised system? Do you think this is so?

Q55 Baroness Fall: Good morning. I draw attention to my role as the senior adviser at Brunswick Group. My question turns to the role of economic prowess as a foreign policy tool. How and in what way do you think China uses its economic strength? Obviously we all know about the Belt and Road as well as investment and debt. In what way can the UK best respond to that? Recently we have seen boycotts and regulation. I would be very interested to hear your view on that.

Dr Lynn Kuok: Thank you, Baroness Rawlings and Baroness Fall. To your question, Baroness Rawlings, about which countries China identifies as its security partners, I would say that China tries to identify as many as possible. The more the merrier. It is notable that all ASEAN countries but Singapore have strategic partnerships with China, including the US allies Thailand and the Philippines.

I am the co-editor of the *Asia-Pacific Regional Security Assessment*, which the IISS publishes each year on the occasion of the Shangri-La Dialogue defence dialogue, and in the upcoming 2021 dossier there is a chapter on ASEAN in the midst of US-China competition. In that chapter, there is a very useful graphic—I wanted to show it to you today, but I cannot share screens—that highlights which of the countries in South-East Asia are a US ally but none the less still have a Chinese strategic partnership; those that are US partners, not allies, that are strategic partners with China; and those that are neither a US partner nor an ally, but none the less are a Chinese partner. It identifies different groups of countries with simultaneous security co-operation both with the United States and China—Singapore being the exception, having only a partnership with the United States but not with China.

China is seeking greater institutionalisation of both multilateral and bilateral partnerships such as through the ASEAN-China Defence Ministers' Informal Meeting. Some of this co-operation has been quite helpful in meeting common security challenges. One success has been the Mekong patrols, where China, Laos, Myanmar and Thailand jointly patrol the Mekong River to address common security challenges after China faced deadly attacks about a decade ago.

The security co-operation has also helped to build confidence and understanding in the region, but up to a point. That was the rationale behind ASEAN-China maritime exercises in 2018 and for the on-again off-again code of conduct negotiations on the South China Sea that Veerle mentioned earlier. However, concerns over China's behaviour in the South China Sea and elsewhere have limited the depth and the scope of these partnerships. Countries are still quite wary of China. It has also limited the benefits that could be reached from these security partnerships.

Baroness Fall's question was about how and in what ways China uses its economic prowess and what the United Kingdom's response should be. To provide context, although the United States is the region's largest source of foreign direct investment, China is the largest trading partner of most Asian countries, including all the US allies in the region. It has also been ASEAN's largest trading partner for over a decade.

Critically, because this shows trajectory, countries in South-East Asia view China as having the wind behind its economic sails. In the 2021 Institute of Southeast Asian Studies poll, an overwhelming 76.3% of respondents from South-East Asia considered China to be the most influential economic power in South-East Asia. Contrast this with a mere 7.4% who selected the United States as the most influential economic power. That will have political and security implications moving forward, even if the gap [between security and economic interests] has not quite widened that large right now.

The Belt and Road Initiative, which Baroness Fall mentioned, is intensifying China's already strong economic links with South-East Asia. The pandemic meant an initial dip in BRI activities, but projects have already largely restarted and China will almost certainly continue to pursue strategically and economically important projects. Indeed, there might be greater demand from the region as some of these countries seek to recover from the economic effects of the pandemic and seek to build up their health infrastructure. There might be greater demand for things like China's 'health Silk Road' as well as its 'digital Silk Road', which will help South-East Asia to boost its burgeoning internet economy.

China's economic strength has brought with it strategic heft, and we have seen this in its bilateral as well as multilateral relations and outcomes that have been reached in the region. Sri Lanka ceding a port facility along a critical waterway to China is the most obvious example of the strategic implications of China's economic prowess, but, of course, strategic assets do not have to change hands for China's economic clout to translate into political and strategic influence.

We have seen that despite having strong interests on their part to assert their exclusive economic rights in their respective EEZs, the Philippines and Malaysia have both put out what is best described as rather uneven responses to China's expansive claims in the South China Sea. At a multilateral level, Chinese economic leverage has exacerbated difficulties in reaching a common ASEAN stance on important issues.

The most commonly cited example of this was 2012 when China leaned on its close ally and then chair of ASEAN to exclude references to the South China Sea in the joint statement. But if we look at more recent times, in September 2020 the ASEAN Foreign Ministers joint communiqué referencing the UN Convention on the Law of the Sea, and confirming that the convention is the legal framework within which all activities in the oceans should be conducted, was lauded as progress. However, that is referencing a convention that all but Cambodia have ratified. It is

unremarkable and it only goes to show how successfully China has divided the grouping.

Whether China will be able to consolidate its increasing strategic influence with implications with the rules-based order as we know it will depend as much on China's behaviour as the behaviour of the United States, and the behaviour of its partners and allies. In this case, the UK should give serious consideration to how it can, either alone or with partners, provide alternatives or even complements to China's economic offerings, including the Belt and Road.

The Chair: In the interests of time, please excuse me, Veerle, I am going to move straight to the next question, which will be from Lord Boateng.

Q56 **Lord Boateng:** I declare my interest in the subject matter of this inquiry as chancellor of the University of Greenwich and a board member of the Syngenta Foundation.

You referred earlier in your very helpful evidence to defence spending and to the success of China's divide and rule tactics in the Indo-Pacific region. What mechanisms are available to the US and its partners for security and defence co-operations, and how effective have they proved to be?

The Chair: In the interests of time I am going to ask Veerle if she would be the only respondent to this question. Then I shall group together the subsequent questions from Lord Mendelsohn and Lord Anderson. I will then return to ask Dr Kuok to start, but I will ask Veerle to answer questions too. Apologies for the complications, but I am trying to ensure that we finish by 11.30 am.

Veerle Nouwens: The ways in which we can engage in security mechanisms in the region are both bilateral and multilateral. The bilateral mechanisms are obviously with countries in the region which the UK has close relations with. Those might also be the ones which the UK has treaty alliances with or is just very close partners with, but I emphasise that we should all, as like-minded countries or countries that seek to mitigate the challenges that we all see as major concerns in the region, be doing this in partnership. I do not think that necessarily creating an alliance network in the region that could move away from the existing hub-and-spoke system led by the United States is problematic. In fact, that reinforces a greater sense of resilience in the region itself. That is at a bilateral level. That should be based on what we consider are major security points in the region but also, in co-operation with countries in the region itself, what they consider to be the top security priority. It has to be done in partnership with countries in the region and look further down the horizon.

US-UK joint co-operation in the region is a pillar of this. I will not go into detail, because I think the UK knows the strength of its relationship with the United States, particularly in the Indo-Pacific where we have seen multiple ways of collaboration and co-operation, not to mention the

upcoming deployment of the carrier strike group to the Indo-Pacific, which will be in co-ordination with the US but also with the Netherlands—my own country—so there are opportunities there for co-operation.

It is really important to reinforce existing multilateral architecture, be that the FPDA,⁷ the Five Eyes, or regional organisations such as ASEAN and the ADMM-Plus, which is the more military associated form of ASEAN, as well as the Pacific Islands Forum. In the Integrated Review there was no mention of south-Asian regional architecture, and there was less of a focus on the Indian Ocean region, which is a shame. There are also organisations there for the UK to engage with, and of course the UK is already pursuing dialogue partnership of ASEAN, as it should with others as well. There are ad hoc partnerships, so-called mini-laterals, which the UK can engage in, but again we should be supportive of existing infrastructure rather than detracting from it.

I also second and highly support an expert in the United States, Mira Rapp-Hooper, who has a written book on how she views the new alliance system in the Indo-Pacific. She makes interesting, valid and important points; for example, she advocates for a new definition and a new focus on deterrence and defence on alliances and partnerships in the Indo-Pacific. New formats of co-ordination and collective security must respond to below-the-threshold activities that we see in the region, which are the most pressing.

Therefore, we need to also set new thresholds ourselves for collective security and co-operation in the region. For example, what is the threshold of a cyberattack? How does that elicit a response by partners? Can we work together more closely on issues such as disinformation? Can we work together on strengthening supply chain resilience in order to withstand economic coercion in the region or help partners to find new ways of dealing with economic coercion when they are faced with those measures themselves? Can we work together to signal? Signalling is incredibly important, whether that is on statements on Xinjiang, Hong Kong and South China Sea but also Taiwan, or through sanctions, which we have seen now on Xinjiang.

There are, of course, different views on how effective sanctions are, but they are just an example. Then there is the creative use of co-ordinated trade policy. Is there a way that we can work together? We have seen that in trade such as in the cotton industry—combatting what is going on in Xinjiang, cleaning up supply chains and combatting modern slavery.

There are a number of ways and a number of mechanisms in which we can reinforce existing tools but also think more creatively about how to address the challenges that we see coming up in the future.

Q57 Lord Mendelsohn: I declare my interest as a senior adviser to Value Retail. Thank you for your evidence. It has been extremely helpful.

⁷ The Five Powers Defence Arrangements (between Australia, Malaysia, New Zealand, Singapore, and the UK)

Perhaps if I may I will probe you to drill down on some of the things that you have raised already. In the Integrated Review, the Government talked about pursuing deeper engagement with the Indo-Pacific in support of shared prosperity and regional stability. What could the UK specifically contribute to regional stability of the Indo-Pacific? Could you drill down on what the key elements of that could be?

Q58 Lord Anderson of Swansea: Which countries are the UK's main partners in the region? What are the expectations of our contribution to regional security? Are those expectations realistic, and will our contribution be supplied unilaterally or through a system of alliances?

Dr Lynn Kuok: Thank you. Let me start with your question, Lord Mendelsohn, about what the UK can specifically do. The United Kingdom, given its historical ties to the region, its strong navy, its membership of the Five Power Defence Arrangements, its membership of the Five Eyes, its sharing arrangements, as well as its ties to Japan, is well placed to work with allies and partners to build capacity in the region, including humanitarian assistance and disaster relief as well as maritime awareness. It is also, given its strong naval capabilities, well placed to preserve maritime security in the region, which is incredibly important for keeping the Indo-Pacific free and open.

However, while deployment to the region and the like are very important, the UK must also keep in mind that defending a rules-based order will only gain traction in a part of the world where development needs are high and growing, given the pandemic, if it is also able to incorporate a strong economic element into its Indo-Pacific vision. The recent merger of the FCDO helps to contribute to this endeavour.

The region would welcome and has welcomed the UK's decision to quickly embed itself into the trade architecture of the region post-Brexit. It has signed free trade deals with Singapore and Vietnam, and it has other trade deals in its sight—with Indonesia, Thailand, the Philippines—although this will be a little bit harder to come by. It has also signalled its desire to accede to the multilateral CPTPP.⁸

What else can it do economically? Besides greater trade with the region, which also helps the United Kingdom, there has been little movement on the trilateral partnership for infrastructure investments in the Indo-Pacific, which is an agreement between the United States, Japan and Australia to work together to mobilise and support the deployment of private sector investment to deliver new infrastructure projects as well as enhanced digital connectivity. Despite that, it is probably worth the United Kingdom looking into joining hands with the United States, Japan and Australia to develop both the digital and non-digital infrastructure of the region.

In short, in terms of concrete steps, the United Kingdom should pursue steps in the security field and in the economic field. Both those elements

⁸ The Comprehensive and Progressive Agreement for Trans-Pacific Partnership

would have the region embrace the UK as an important player in the region.

Veerle Nouwens: I agree with that wholeheartedly. Lynn is absolutely right in that sense. In the Integrated Review, the mention of the Indo-Pacific was slightly less detailed than many of us had expected and hoped, but it had the tone exactly right. It was quite humble and quite modest, and it underscored supporting existing infrastructure and working with partners. All those things will be welcomed by countries in the region itself.

As Lynn said, while the UK is a hard security contributor and has power projection capabilities, the sustainability of this is problematic and it is not quite at the level of regional powers themselves. The UK, in that sense, can play a supporting role with partners in the region and focus on what we call non-traditional security areas, which for countries in the region are bread and butter daily issues that are at the top of their security priorities. Those are areas where the UK can also have added value. Think about training, joint exercises, working on institution building within specific security agencies and ministries and linking those up to have a comprehensive response to things like illegal fishing and the crimes associated with that. There is a whole range of activities which the UK could undertake below the military threshold, and the UK has been engaging in this region in that way already.

The economic point has already been made. That is incredibly important. In a recent conversation with an official from South-East Asia, that was absolutely strengthened. The role of the City and insurance is seen as another area where the UK can add value and help developing countries in the South Pacific. That point was made by a Tongan think tanker recently in an event. Those are all areas where the UK can bring a different set of skills and a different set of expertise.

On development, Lynn absolutely correctly pointed out that some of the initiatives by the US and partners, and by the EU, have not made much movement. It is very difficult to bring the private sector into some of these initiatives, so that has been a stumbling block, and it is one where the UK can try to partner, so I would encourage that. Working with partners to help to roll out some of these ideas and to implement them, whether or not the focus is on private sector, needs co-ordination among partners, and the UK should certainly play an active role in that.

When it comes to the Indo-Pacific itself, geographic area of focus matters. The UK has not specified this yet, but it has an immense amount of assets in East Africa, and it has assets in the Gulf if we look at it just from a military perspective. An Indian Ocean region, including the African coast, the Gulf, South Asia and South-East Asia, is a natural area where the UK can achieve a lot and work very closely with partners.

That is exactly what countries like India look towards the UK for. The UK and India have discussed holding a maritime security dialogue. That still has not happened. RUSI did this a few years ago at a track-one qualified

level, and there was a wealth of ideas about what the two countries could do together in a maritime domain. That is exactly the sort of activity and the prioritisation that the UK should be looking at to understand where it has added value now and how it can use those to further its engagement in the region in a constructive way.

The UK should look towards doing more in connecting but also in trading institutional resilience within the multilateral frameworks that I already mentioned. Those regional bodies need more support and, within them, working with countries in the region to lead, discuss and form global governance standards in these very important new domains. That again is an area where the UK has convening power and can have a meaningful impact.

The Chair: Thank you. Both of you are giving us absolutely crucial evidence to these rather testing, lengthy questions, and we need the detailed answers. I will ask a favour of our witnesses. Would be able to extend the time for five minutes so that we can make sure that we benefit from your advice in the last few questions? I am getting some nods, so thank you. Dr Kuok, you wanted to come back on this.

Dr Lynn Kuok: Forgive me, but I believe I forgot to address the second question on the UK's principal partners and allies in the Indo-Pacific and their expectations for the UK's engagement with the region. Both of us probably forgot to address that.

On natural partners, obviously the United States is the UK's most important ally in the region, but the other three Quad members—Japan, India, Australia—are natural partners which the United Kingdom can seek to work more with, as well as with Europe, particularly France, Germany and the Netherlands. France, Germany and the UK recently all issued identical statements to the UN Commission on the limits of the continental shelf, all pushing back against China's claims in the South China Sea. That was very important, and it shows what co-operation between the European powers can do.

In South-East Asia, a natural partner for the United Kingdom is Singapore, where there is a small naval support unit that can be enhanced further, if necessary, to enhance the United Kingdom's presence. Brunei is a strong partner with the United Kingdom, given the military garrison. Malaysia is a possibility, given that it is also an FPDA member. However, Malaysia is generally loath to take actions that might incur China's anger, even if those actions are sensibly in support of international law and support Malaysia's interests. Malaysia might be a weaker partner in that respect, so from the South-East Asia perspective it is definitely Singapore and Brunei, and perhaps Malaysia.

Despite the region broadly welcoming the United Kingdom, there is still quite a lot to work on moving forward. The Institute of Southeast Asian Studies 2021 poll that I mentioned earlier said that only 3.7% of respondents chose the United Kingdom as their preferred strategic partner, should the United States not be up to the task. This came after

Japan, the EU, China, Australia. The United Kingdom tied with South Korea. It is quite a low starting point. However, it is still an improvement over previous years when the United Kingdom was not even included on the list. There has been progress, but more work needs to be done.

The question about what partners in the region expect is an excellent one, and it needs to be addressed. We have already talked about some concrete measures. Let me talk about principles. There is very often talk about how the UK must demonstrate the two Ps: persistent presence. Let me add two further Ps to that. The UK's presence should also be principled and purposeful.

Let me unpack some of these things. Persistent presence means that the presence should be sustained over time and level of commitment, and it should continue in spite of other challenges and demands. This is critical if the United Kingdom truly believes that it needs to promote the rule of law, which impacts its interests and priorities.

A principled presence must be guided by and framed as support for international law: support for passage and other freedoms of the sea, which are critical for the United Kingdom as a maritime power; the sovereign equality of states; and the condemnation of a threat or use of force. A principled approach would also increase the UK's chances of support from like-minded countries in the region who might otherwise balk at a coalition that appeared to be anti-China or aimed at containing China.

Finally, a purposeful presence is one that has a clear sense of the UK's interests as well as its priorities in the region. That is terribly important in helping to increase the UK's credibility in the region, because without countries in the region understanding why the United Kingdom has genuine interests in the region, they will expect the United Kingdom perhaps to be a fair-weather partner—here today and gone tomorrow—when more difficult challenges closer to home come on the horizon.

I will stop there, save to say that the UK strategic imperatives, its interests in the region, are heightened with Brexit and its push for a global Britain. Given the challenges and opportunities, Asia needs to be front and centre of the UK's global thinking. While some ask whether the United Kingdom can afford a greater Indo-Pacific engagement, my response is simply that it cannot but engage more deeply and more meaningfully with an economically and strategically important region.

The Chair: We have a short extension of broadcast time. Time is always an enemy. I now move on to the last two questions, from Lord Teverson and Baroness Sugg. I will then turn directly to Veerle Nouwens for the first response before going to Dr Kuok.

Q59 **Lord Teverson:** My question broadens it out to autocracy versus democracy. We have the G7 presidency at the moment, which will take place in June. As you will be aware, the Prime Minister here has invited the leaders of Australia, India and South Korea, and more recently South

Africa, to that summit, with the idea of a D10—maybe now a D11—looking at democracy. At the same time, President Biden has started to talk about a ‘summit of democracies’.

What would be the purpose of such an alliance of democracies, and could this approach address the challenges posed by China more effectively than the approach at the minute? I have always been in favour of making institutions that are there at the moment work, but sometimes we need new ones. Would that be one? Would it put off countries like Vietnam, which had a hot war with China within living memory, as maybe one of the stalwarts of something outside that is not a democracy obviously?

Q60 Baroness Sugg: I want to ask about NATO. The NATO Summit hosted in London in 2019 recognised that, because of China’s growing influence and policies, it presents both opportunities and challenges that need to be addressed together by NATO as an alliance. What is your view of the challenges posed by China specifically to NATO? Do you think those challenges are the same for all NATO Allies, and how do you think the NATO alliance should respond to that?

Veerle Nouwens: Those are two important and interesting questions, which I will try to answer as quickly as possible. The first question on the D10 is something I think about a lot and I am interested in. I do not think it is helpful to frame things as democracy versus authoritarianism. There is a huge range of divergence between both and within those two categories themselves. The nuance is incredibly important, particularly when you look at a region as vast as the Indo-Pacific and the differences among countries and political systems across them. It is too important to emphasise a coalition of democracies only. Exclusivity is not appealing to countries in the region.

There is a difference. Do you want to pursue a values framework, or do you want to pursue an interest-based framework that has values elements in it? I would argue that the latter is probably the better way to go than the former. Principles are incredibly important. However, there is an assumption when you talk about democracies, for example, that all democracies are like that, but that is simply not the case. Even with close partners like Singapore or India, we have differences in opinions on trade, human rights and other values, such as dataflow protection and privacy and what that looks like. If you pursue a values framework, you will exclude countries that do not possess a democratic political system but arguably seek closer engagement with the UK and Indo-Pacific. Vietnam has already been mentioned as an obvious country.

At the end of the day, we should be looking at this from an interest-based framework, which allows for a greater mix of willing partners that are equally concerned about the same issue at hand—for example, on data protection, new tech innovation, supply chain resilience, maritime governance questions, the rule of law and the rules based on international order. The Indo-Pacific, as I said, is so politically diverse that the efforts of European countries, including the UK, should be to

work with and build partnerships with the greatest number of countries and not limit itself to the smallest common denominator.

To answer your question, even the purpose of the D10 remains unclear. Is it a form of exchanging information and threat assessment? Is it a platform to exchange ideas between like-minded partners? Is it a platform to innovate and manufacture tech, in which case how does this impact competition policy? Is it a regulatory platform? Is it a platform to come up with shared positions so that you can then lobby on an existing multilateral infrastructure, or is it one to create immediate solutions on urgent problems? All of these are interesting ideas, but again there is not much clarity about what the actual objective is here.

Groupings like the D10 should work to reinforce existing multilateral architecture in a region. We do not need to reinvent the wheel, and we need to reinforce rather than weaken institutional resilience at the national and multilateral level within the Indo-Pacific.

A lot of recommendations that I have come across so far for the Indo-Pacific seek to create new forms of multilateralism when current architecture is deemed ineffective. That is interesting but, as I have already said, what is needed more is stocktaking between like-minded partners and deciding how to roll that out into effective engagement and bilateral but also multilateral architecture. These sorts of initiatives should not be Indo-Pacific wide. We might see this as a joined-up theatre. Countries in the region do not necessarily see it the same way, and that is even more the case when you deal with day-to-day activities or challenges. I have seen a lot of different initiatives suggest Indo-Pacific-wide initiatives. They are interesting, but I would support subregional initiatives and strategies that reinforce existing structures. Those should of course be interlinked; they should not operate in silos. But, again, you also get more clarity about what groupings of countries you are dealing with.

To reinforce that point and the previous discussion—I completely agree with Lynn’s points there—the UK needs to deliver more detailed strategies that communicate to the region what exactly it wants to do, who it wants to work with and to what end.

On NATO, the question was whether NATO countries face the same China threat. No. They face different challenges. Unfortunately I cannot go into details today, but in answer to the question about what the Alliance can do to respond I would say that it is more about the region working with NATO than NATO going to the region, to be honest. It is about working with existing NATO leverage points and communities, such as expanding NATO’s global partnerships. It is about offering training, for example, and existing NATO centres of excellence on issues that are seen as top priorities in the region—the below-the-threshold challenges that we have already spoken about today. It is about finding a way for NATO to create more of a discussion platform for countries that are searching for additional partners to tackle some of these below-the-threshold

challenges in the maritime domain and the cyber domain, and to capacity build in that sense.

Dr Lynn Kuok: Baroness Sugg, apologies. I do not work very closely on NATO, but I have a colleague, Sarah Raine, who does. She recently wrote a piece on NATO in China for the *Asia-Pacific Regional Security Assessment*, which I mentioned earlier. It is an excellent piece, and I would commend it to your reading. The assessment will be published in June 2021 this year.

I would like to address the very important question from Lord Teverson, because it is also quite close to my heart, given the part of the world I come from. Is there any point of an alliance of democracies? I agree with Veerle that that would not be particularly helpful, but there are certain reasons that have been cited by supporters of an alliance of democracies.

The first is to mobilise the domestic populations of liberal democracies, a point made by Princeton Professor Aaron Friedberg. He points out how, historically, domestic populaces have been more motivated by warnings that the principles on which their system has been founded are under threat.

Secondly, it adds to the appeal of coalitions supporting a US-led order. The US might have slightly showed its cards when, in a recent piece for *Foreign Affairs*, two US thinkers talked about how emphasising the ideological nature of the contest is critical to giving many countries reason to support the United States. If US-Chinese competition were only about power, why would countries that are not directly troubled by China care whether Beijing or Washington comes out on top?

The reasons why using an alliance of democracies as the organising framework for coalitions is problematic are threefold. First, it would further deepen distrust and divisions between the United States and China. Secondly, it would leave countries like the United States and the United Kingdom with fewer partners to work with, at least in my part of the world. Many countries in South-East Asia are not liberal democracies or even electoral democracies. Some are backsliding democracies. Finally it could leave a vacuum open for Chinese influence, and we fear that today in the case of Myanmar. Leaving a vacuum open for Chinese influence could also lead to further democratic backsliding, which no supporter of democracy wants.

A better organising framework would be common support for a rules-based international order, including international law. In a piece for the *Financial Times* in September last year, Timothy Garton Ash pooh-poohed the idea of an international rules-based order, saying that it does not make the heart beat any faster. It depends on who you ask. Has he tried asking lawyers or international lawyers? But I accept his point. We lawyers might be quite a niche group and might not be representative. None the less, it is the job of leaders to convince the people and help them to understand why an international rules-based order is the best guarantee for long-term peace and prosperity. It is particularly important

where you see intensifying great-power rivalry and the diminishment of guardrails like the international rules-based order.

In short, leaders need to convince their people that the international rules-based order is really about lives and livelihoods—for the international community, for us all. That perhaps is how I would seek to frame UK engagement in the region.

The Chair: Thank you. I thank our panellists today, who have given us an excellent depth of responses to some very testing questions on security in the region, on Chinese policy and on regional and international co-operation. I know that my colleagues will join me in saying we are very grateful to you. Thank you.