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**MAJOR GENERAL (RETD) DELFIN LORENZANA**  
**SECRETARY OF NATIONAL DEFENSE, PHILIPPINES**

**Major General (Retd) Delfin Lorenzana, Secretary of National Defense, Philippines**

Excellencies, fellow ministers, honoured guests, ladies and gentlemen, good morning. I am honoured to once again attend the Shangri-La Dialogue and exchange views with defence and security professionals from all over the Indo-Pacific region and beyond. Let me thank the IISS, headed by Dr John Chipman, for inviting me. Let me also extend my sincerest gratitude to the Republic of Singapore for, as always, their legendary hospitality and world-class accommodation.

Over the years the Dialogue has become an indispensable platform for discussing in great detail and with untrammelled enthusiasm, as well as collectively shaping with unparalleled commitment, the future of peace and prosperity in the region. In times of upheaval and tensions, it is precisely forums of this kind that not only serve as a chief register of regional geopolitical temperature, but also spell the difference between collectively espousing a path of diplomacy and peace instead of conflict and confrontation.

Ladies and gentlemen, we are indeed living in interesting times. We are witnessing a seismic geopolitical shift that is changing the very fabric of international relations in the twenty-first century. With change, especially of this magnitude and with such speed, comes new challenges and, consequently, responsibilities. Let us be clear: each and every nation has a shared and unquestionable responsibility in preserving peace and prosperity in the Indo-Pacific region.

The former Singaporean prime minister and legendary statesman Lee Kuan Yew once observed: 'The size of China's displacement of the world balance is such that the world must find a new balance. It is not possible to pretend that this is just another big player. This is the biggest player in the history of the world.' True to his prophetic words, the re-emergence of China as a major global player, most especially in our region, is transforming the texture and trajectory of geopolitics beyond our wildest imagination. As Harvard Professor Graham Allison succinctly put it, 'Never before in the history of mankind has a nation risen so far and so fast'.

What we are dealing with is not only a shift in the material balance of forces in our region, but also in our very conception of the emerging regional order – and, respectively, the anchors of peace and prosperity in the twenty-first century. The consequence of such a seismic geopolitical shift is a troubling form of superpower rivalry, which has now extended – to the anxiety of many in the region – even to the realm of trade, investment and cyberspace.

If left unchecked, this new and perilous dynamic could potentially upset globalisation as we know it. With the untethering of our networks of economic interdependence comes a growing risk of confrontation that could even lead to war. Our greatest fear, therefore, is the possibility of sleepwalking into another international conflict like the First World War. If there is anything that modern history has taught us, it is that war can happen, even when no one desires it – or finds it undesirable. As Barbara Tuchman explained in her seminal book *The Guns of August*, where she skilfully chronicles the unlikely origins of the First World War, great-power conflict takes place 'in the midst of crisis where nothing is as clear or as certain as it appears in hindsight'. She clearly highlighted the dangers of complacency in human reason, namely underestimating the ability of even the best leaders and sharpest strategists to miscalculate and misperceive each other's intentions. Thus, it is of paramount importance that we, as the principal actors in the Indo-Pacific region, do our best to manage tensions, avoid conflict and reduce the chance of reckless miscalculations.

This is where it is crucial for us – all of us – to continue institutionalising, upgrading and expanding a whole range of confidence-building measures which could help major powers find an optimal set of mechanisms for conflict avoidance. War benefits no one; avoiding it is everyone's shared responsibility.

In the view of the Philippines, confidence-building measures should be comprehensive, covering all relevant military, paramilitary and civilian actors with a direct stake in regional peace. This is most especially important in potential flashpoints such as the South and East China seas, where the risk of miscalculation and unwanted conflict is rising on a daily basis as great powers expand their military footprint and pursue divergent visions.

What we should all agree on, however, is that freedom of navigation and overflight in global sea lines of communications is indispensable to regional peace and security. In our view, no single power should exercise unilateral control over vital arteries of global trade, such as the South China Sea. We need to collectively protect, as Prime Minister Lee appropriately mentioned the other night, our global commons.

Fortunately, we are not short of good precedence and best practices in our region. The Association of Southeast Asian Nations (ASEAN), for instance, provides a fruitful and encouraging example of conflict avoidance and peaceful dispute settlement. From the Sabah dispute between Malaysia and the Philippines and the Ligitan and Sipadan dispute between Malaysia and Indonesia, to the border dispute between Cambodia and Thailand over areas surrounding the Preah Vihear Temple, our approach has been uniquely ASEAN-centred: manage and resolve the disputes through peaceful dialogue, diplomatic negotiations, and fidelity to international law and regional norms and principles.

Instead of conflict, we have opted for various confidence-building measures and cooperative mechanisms to resolve our disputes and address our shared concerns. Think of the Malaysia–Thailand joint development area in the Gulf of Thailand, which has allowed both nations to peacefully manage their overlapping maritime claims; or the multilateral Malacca Straits Sea Patrols (MSSP); or the Philippines and Indonesian consensus to settle their maritime-border disputes in the overlapping exclusive economic zone (EEZ) in the Mindanao and Celebes seas.

The ASEAN, a disparate grouping of among the most diverse nations, stands as a proud and enduring example of wilful, sincere and successful inter-state conflict management, which has – and should – serve as an inspiration across the Indo-Pacific region and beyond.

In the South China Sea, where the Philippines is a claimant state, we espouse a dialogue-based, peaceful and multilateral approach, which takes the interests of all relevant players into consideration in accordance with international law and regional norms and principles. As the ASEAN–China country coordinator, the Philippines believes that China, as well as other claimant states, should finalise a robust, mutually beneficial and inclusive Code of Conduct in the South China Sea, which would protect the interests of all claimants as well as preserve freedom of navigation and overflight.

In more concrete terms, we should consider joint exploration activities as well as environmental-protection regimes which ensure equitable, just and lawful exploration, usage, sharing of hydrocarbon reserves, and preservation and protection of marine resources.

While bilateral dialogue is essential to maintaining peaceful relations among competing claimant states, particularly between China and the ASEAN claimants, the South China Sea disputes are an international concern, given the centrality of this body of waters to global trade. Yet our concerns should go beyond conflict management; we should also focus on ways to expand avenues for sustained and effective cooperation. The Indo-Pacific is the new pivot of global geopolitics. It is where the future of the international order will likely be decided. This mega-region, however, is also a cauldron of unimaginably complex challenges, which will transcend the capabilities – and strategic imagination – of any single power or any limited grouping of nations.

Ladies and gentlemen, the future is rife with potentially bedevilling challenges which would require inter-state cooperation on an unprecedented scale. Conflict is not only self-destructive, but also a dangerous distraction from the gathering storm over the horizon. Over the next few decades, if not earlier, the Indo-Pacific region confronts the twin challenges of accelerated climate change and disruptive technological innovation which could potentially overturn the regional security architecture.

In particular, climate change could turn into an almost existential threat to many nations across the mega-region. According to a recent HSBC study, India, Pakistan, Bangladesh, the Philippines, Sri Lanka and Oman are among the top ten most vulnerable nations to the adverse impacts of climate change.

My country, the Philippines, is yearly battered by powerful typhoons which destroy countless homes, large swathes of farmlands, and threaten the lives of millions. Earlier this decade, the island of Samar was severely devastated by super-typhoon Haiyan, the most powerful of its kind in almost a century.

Meanwhile, rising sea levels are threatening the very existence of island nations in the Indian Ocean and the South Pacific. Mega-cities such as Calcutta, Jakarta and Manila may also have to relocate millions of their residents in the coming decades as the sea level rises. By the end of this century, rising temperature will in turn affect farm productivity and marine life across the Indo-Pacific, threatening the food supply of hundreds of millions of people, while rendering large parts of West and South Asia unproductive, if not uninhabitable. This is why, in the Philippines, disaster response and mitigation management have become a major component of our national-security doctrine and international engagements – and with climate change comes the risk of heightened resource competition both domestically and internationally, especially over areas of overlapping continental and maritime territorial claims.

The advent of the Fourth Industrial Revolution and advanced artificial intelligence could also present new challenges, such as disruptions of the labour sector, with potentially adverse socio-political consequences. According to a recent study by the International Labour Organization (ILO), as many as 137 million jobs, mostly in lower-skilled sectors, are at risk as a result of full automation in the coming decades. The impact will be most felt in Southeast Asia, a hub of lower-value-added manufacturing.

While new technological innovations bring new opportunities, they could also be socially disruptive. After all, it is in times of bewildering change that extremist ideologies, including religious fundamentalism, gain ground – with potentially deadly consequences. The challenges ahead are

certainly daunting. But as Thomas Robert Malthus advised, 'Evil exists in the world not to create despair, but activity. We are not to patiently submit to it, but to exert ourselves to avoid it.'

Ladies and gentlemen, allow me to end my remarks by stating that there is no guaranteed formula to address these above-mentioned mega-challenges over the near horizon. Yet we have the shared responsibility to transcend our narrow differences and the competitive geopolitics of the moment, and instead devise a new blueprint of regional cooperation in order to cope with shared challenges, as well as uphold common interests in the most effective and inclusive ways possible.

What is clear is that great-power rivalry is a dangerous distraction from the coming storm. But if we continue to closely collaborate and cooperate, we may very well overcome these existential challenges and, along the way, create a more inclusive, nimble and robust security architecture – one that is upheld by the collective effort of every nation, no matter their size, resources and creed. Rest assured, the Philippines is committed to be a good partner in all these.

Thank you for your attention.

**Dr John Chipman, Director-General and Chief Executive, IISS**

Thank you, Minister Lorenzana. I took away from your impressive statement three things. Firstly, I note your assessment that the risk of miscalculation over rising tensions in the region is increasing. Secondly, your assertion that no single power should exercise unilateral control over vital arteries of international trade. Finally, your reminder, of course, that climate change is both a human-security challenge and a deeper strategic one, and an issue that perhaps we should in the future integrate more fully into these Shangri-La Dialogue discussions. Thank you very much for that.