

**20<sup>TH</sup> ASIA SECURITY SUMMIT**  
**THE SHANGRI-LA DIALOGUE**

**FIRST PLENARY SESSION – Q&A**  
**SATURDAY 3 JUNE 2023**

**DR JOHN CHIPMAN**

**DIRECTOR-GENERAL AND CHIEF EXECUTIVE, IISS**

**LLOYD J AUSTIN III**

**SECRETARY OF DEFENSE, US**

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

Mr Secretary, thank you very much for that extremely compelling presentation. I think everyone will have marked down your note that the right time for talk is anytime. I was also struck by your phrase earlier in your remarks that the United States is seeking to modernise our presence, so that we can exercise our rights.

And it invited me to ask you, if I can, the first question. We have seen in the conflict in Ukraine how quickly and imaginatively the forces of Ukraine have been able to incorporate a genuinely diverse range of technologies and systems including some that are very modern. Can you say a few words about how you think emerging technologies, AI, quantum, cyber, uncrewed vehicles, and the like have a particular role in the mission of deterrence and defence in this theatre?

**Lloyd J Austin III, Secretary of Defense, US**

Well, thanks, John. This is really important to us. If you look at our national defence strategy, we talk about the importance of leveraging capability and capacity in all of the warfighting domains: land, air, sea, space, cyberspace. And so, our task is to go after those capabilities that support our warfighting concepts that enable us to be not only successful in the deterring conflict but also enable us to be dominant in any future contest.

So, as we go after those capabilities to support our warfighting concepts, we are looking to bring things together and synchronise them and network them in ways that we have not done before. So we are going after capabilities, like you mentioned, quantum computing, edge computing, AI and a number of other things.

Just one thing to say that, but I think you have to make an effort to invest in the right kinds of things and align your budget to match what your strategy is. So we went through great pains to link our budget requests to our strategy, line by line almost, and it is probably the best I have ever seen. I applaud the staff that really did a tremendous job there.

Even when you get the capabilities, you have to make sure that you have organised your organisation to be able to manage those things, and then you have to drive the organisation to success. I made a change to our staff. I created a position that oversees the integration of our digital work and also AI.

So I have a Chief Digital and AI officer that is really doing a phenomenal job of aligning the organisation across the board. So getting the capability is one thing, but then you got to organise, you got to drive to create the capabilities that we are all looking for. And then you have to work with industry. And I know there are a number of industry leaders in this crowd. And we make an effort. I make an effort to talk to industry leadership to tell them where we want to go, what our needs are, and how we intend to employ the capabilities that we are asking for.

And I would say that the United States, our industrial base is really one of our strategic advantages. But unless we are communicating the right things to industry, we would not be where we need to be in the long term. So that remains a work in progress.

But the kinds of things that you are talking about in terms of technology, are the kinds of things that will help us maintain a competitive edge going forward. It is very important to us. It is fundamental to our national defence strategy. And again, this is something that we remain cited on each and every day.

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

Well, thank you very much. I will take it with your permission about three or four from the floor. Do not worry about joining late. I do not necessary respect an absolute order of precedence. So I will call on four or five people first. First, you mentioned SecDef, the Philippines, Sir Jeffrey Ordaniel from the Philippines first.

**Jeffrey Ordaniel, Director of Maritime Programs at the Pacific Forum**

Thank you. So according to the 2022 report to Congress released by your department, sir, if China continues to face of its nuclear expansion, it will likely field stockpile about 1,500 warheads. And that is significant, given that the legal limit to the US operation deployed nuclear warheads under the New START agreement is about 1500. So that means China will achieve nuclear parity with the United States in about 15 years.

My question is, are there any updates on US efforts to push for some sort of an arms control deal with China? And are your Asian allies involved in that kind of discussion? Thank you.

**Lloyd J Austin III, Secretary of Defense, US**

Let me begin this by saying, we are serious about our commitment to extended deterrence. And I have spoken with our allies and partners in the room a number of times on this particular issue. And you should know that President of United States and all of us are very serious about this commitment.

But in terms of specific updates on engagements with PRC on arms control, I do not have any updates for you there. You got to talk to them first. So as soon as I actually found maybe we will get some work done here.

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

From the United States, Bonnie Glaser.

**Bonnie Glaser, MD, The German Marshall Fund of the United States**

Thank you, John. Secretary Austin, senior Chinese officials are communicating to their foreign counterparts that the United States is seeking to goad China into using force against Taiwan. This is reminiscent of the October surprise in 2020 when China seemed convinced that the

United States was trying to precipitate a crisis in the South China Sea. So I agree, dialogue, especially purposeful dialogue is essential. If you have the opportunity to meet with General Li, what would you tell him about US objectives in the Taiwan Strait beyond the fact that the United State supports maintenance of the status quo and opposes use of force?

**Lloyd J Austin III, Secretary of Defense, US**

Well, thanks for the question. Let me say upfront that I respectfully disagree with the premise of the question in that we are trying to goad China into a conflict. In fact, just the opposite. We are doing everything in our power to make sure that we maintain a free and open Indo-Pacific. Because as I said earlier, in my remarks, this is important to all of us in this region.

In terms of what I would say to my counterpart, well, again, with respect to Taiwan, it is the same thing that I said to in the last time and that is our policy has not changed, and we do not desire to see a change, a unilateral change by any party. And so, any kind of disagreements ought to be resolved through diplomacy. And again, it is important to maintain peace and stability in this region. As I mentioned earlier, conflict in the straits would affect the global economy in ways that we cannot imagine. But thanks for the question.

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

Then from China, Chi Zhang.

**Chi Zhang, China**

Thank you, Dr Chipman. Good morning, Mr Secretary. The theme of our plenary session here is US leadership, but how to play the role of leadership? On one hand, you claim to support the centrality of ASEAN in the region. On the other hand, the US established multilateral institutions such as Quad and AUKUS. Is there any contradiction between US-led institutions and the centrality of ASEAN in the region? How to guarantee ASEAN centrality? Thank you.

**Lloyd J Austin III, Secretary of Defense, US**

I do not think I got the entire gist of the question. But I think your question was centred on AUKUS and whether or not that either that promotes security instability in a region or drives us to conflict.

It absolutely promotes greater stability and security. It provides a valued and highly capable ally with additional capability that I think will be a generational capability. And so, I am confident that this will add greater stability and security to this region. I am proud of the work that we are doing with AUKUS. I know my good friends, my colleagues from Australia and the UK are here and I look forward to having additional discussions with them about AUKUS and updating our progress. But I think this will add significantly to our efforts to maintain peace and stability in the region.

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

And from Vietnam, Bich Tran.

**Bich Tran, Visiting Fellow, Southeast Asian Young Leaders' Programme, IISS**

Thank you, Dr Chipman. Secretary, so you mentioned Vietnam is one of important partners of the United States in this region. I think that says a lot about the United States respects the different political system of Vietnam. So I wonder whether you agree that being a communist is not a problem but being a revisionist may be another issue. Thanks. So kind of differentiate between a communist state and revisionist state.

**Lloyd J Austin III, Secretary of Defense, US**

I heard you say being a communist is not a problem. But being a revolutionary is an issue. But listen, we are focused on what you heard me talk about earlier, and that is making sure that we maintain peace, security, and stability in this region, and we maintain access to international airways and waterways.

In our partnerships and our alliances, we do not ask people to choose or countries to choose between us and another country. We do not ask country and impose our will on countries. Again, we want to work on those things that are of common interest to all of us, to both of us. So I will leave it at that.

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

From France, François Heisbourg.

**François Heisbourg, Senior Advisor for Europe, IISS**

Thank you very much for your statements and for recalling also the role, which some of your European partners are playing in the region. You emphasised that you are in favour of the status quo on Taiwan, and that conflict was neither imminent nor inevitable. Those are obviously very welcome statements. Yet we have been hearing over the last couple of years a number of active duty high-ranking American officers actually talk about imminent, 2025 and 2027 being the most frequently cited dates. Are we going to continue to hear active-duty high-ranking American officers take that line? Or will there be, as we will put it in French, [French 0:50:47], silence in the ranks?

**Lloyd J Austin III, Secretary of Defense, US**

First of all, I believe what they are pointing to, in some cases, is the fact that President Xi challenged his military to develop the capabilities to conduct military operations by 2027. It does not mean that he has made a decision to do that. In terms of whether or not our officers, what they will say in the future, they have the ability to say what they are thinking. And we always welcome that. But my opinion is that a conflict is neither eminent or is it inevitable.

And so, we are going to do everything we can to make sure that we are doing the right things to maintain the status quo. But the way that you deter any misguided decision is by having a combat credible military. And we have one, and we will continue to have one. And our officers are in charge of maintaining that combat credible force. I have to remain focused on making sure that they are ready to address any situation or circumstance. I know my INDOPACOM commander is in the room somewhere, and he would be the first to stand up and tell you, 'Boss, you have charged me to do that. And by golly, I am going to be ready, no matter what happens.' And that is what I want them to do. But again, I do not think that a conflict is inevitable. Nor do I think at this point, that it is imminent.

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

And from the Netherlands, Veerle Nouwens.

**Veerle Nouwens Senior Fellow for Indo-Pacific Defence and Strategy, IISS**

Secretary of Defence, you made mention to the UK, Germany, and France in the Indo-Pacific. I wanted to ask, how important is it for the United States for European countries to be engaged militarily in the Indo-Pacific?

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

How important is it for European militaries to be engaged militarily in the Indo-Pacific? How does it add value to the effort, I think is the.

**Lloyd J Austin III, Secretary of Defense, US**

Well, the first thing I will tell you is we are not trying to create a NATO in the Indo-Pacific. And we have a number of colleagues here today from Europe. And I am really glad to see them here because they all have interests in this region. And those interests are not just military. They cover whole of government. And so they would tell you that they have an interest in the region because all the great things that happened here.

And Prime Minister Albanese talked about some of those things yesterday, the rate at which this region is growing, the capability, the capacity that this region has, it is rightful that European countries would remain interested in making sure that we have good relationships with the countries here in the region. And I am confident that that is why they are here. But they will probably tell you themselves because you will see, you will interact with them later on in the day.

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

Absolutely. Right. And from Indonesia, Dewi Fortuna Anwar.

**Dewi Fortuna Anwar, Research Professor at the Indonesian Institute of Sciences**

Thank you, John. I would like to ask about the relations between Quad and ASEAN. Secretary, as you know, there have been a lot of initial scepticism and concern that the Quad may undermine ASEAN centrality, but I am very happy to hear again, you have stressed again the ASEAN centrality. And recently President Widodo actually said that Quad and ASEAN are not competitors. They could be partners. Now, I would like to tease out more, do you envisage a Quad-ASEAN as an institution cooperation, or is it the Quad and individual ASEAN countries cooperation, given the fact that all Quad countries are also a member of the East Asia Summit? So what will be the format of such cooperation? Thank you.

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

I think it is a question about the complex Rubik's cube of the regional architecture in this region and how each of these different mini-lateral and established multilateral arrangements interconnect.

**Lloyd J Austin III, Secretary of Defense, US**

Well, I think we should take what we have, and which is what we have done and what we will continue to do, in terms of bilateral, trilateral, and multilateral alliances and partnerships, and build on those incrementally. Again, I do not think we should drive things to go in one direction or another. We are not trying to create NATO in the Indo-Pacific.

We value our relationships with our allies and partners. And each of our allies and partners, I mean, they have their own self-interest. And we understand that, and we want to make sure that we are helping them protect their self-interest, and that they, when possible, are working with us and with other countries to provide for free and open Indo-Pacific.

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

Great. I am going to take two questions in succession and let the Secretary then answer those. And we will conclude the session with that. My first of this duet is Sharon Nanau.

**Sharon Nanau, Solomon Island Broadcasting Corporation**

Yes, sir. My question is on USA through this partnership and cooperation is pushing United States agenda into for small island states. For example, in the Solomon Islands, the US was absent for over 20-plus years, and only because of its diplomatic switch to China, they have reopened the embassy last year. So through this cooperation, you have mentioned allies and partners. But is it another form of pushing USA agendas, especially for smaller island states who do not have a leverage when coming to interacting with the developer bigger countries?

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

Thank you very much. She has got that on small island states and their place in US engagement in the region. And from Ireland, but also the Financial Times, Demetri Sevastopulo.

**Demetri Sevastopulo, Financial Times**

Thank you, and also a very small island state. Secretary Austin, good morning. You have made a lot of progress creating a more latter security architecture in the Indo-Pacific, but one thing that is missing is joint operational war plans with allies, particularly Japan and Australia for Taiwan contingency. So my question is, how urgent has the need for joint operational war plans? And how hard is it briefing to develop them?

**Lloyd J Austin III, Secretary of Defense, US**

On the issue of the importance of small island states, clearly, they are important. And I think you know that for many of the small island states, we have had relationships that go back for decades. And we value and treasure those relationships.

If you look at the number of people in some of those states that serve in the United States military, it really is impressive. So we want to make sure that we continue to build on those relationships, and continue to account for your needs and your concerns. And most recently, you saw that the President held a summit, where we had Pacific Islander leadership into the White House. And it was a great event. And I can tell you first-hand that this is really important to him.

On the issue of joint operational war plans, you probably know that I am not going to discuss any kind of war plan in a forum like this, and what we are doing or not doing. But what I will tell you is that it is important to work hard to increase our interoperability. Now, it is important to have, where possible, compatible platforms. It is really important to make sure that you have policies and procedures that that serve you well, and that your allies or partners understand and are familiar with.

But what happens when you work together as a joint or a combined force is that you continue to build trust among your forces and the forces that you are working with. At the end of the day, you cannot surge trust. It has got to be there upfront.

And so I am proud of the work that we are doing to increase interoperability in the region. That interoperability will serve us well, no matter what challenge presents itself. We have come a long way, but we are by no means where any of us want to be eventually. So we will continue to work on that. And for all of you that have provided opportunities for my troops to work with your troops, let me say thanks again. I cannot tell you how important that is.



In terms of specific plans, again, we do not discuss plans in public forums. But I will assure you that we will continue to work with our allies to make sure that we think about and account for future contingencies.

John, thanks so much for allowing me to be here. And I guess we will leave it at that.

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

Absolutely. Since it is 9.30 and it just hit 9.31. So I want to thank you very much for your presentation. I want to ask everybody in the room to do two things. First, stay seated because the second plenary will start almost immediately as soon as our next three speakers are miked up. And secondly, and importantly, to thank the Secretary of Defence for his presentation and the conversation he has animated.