

Think

new things

Make

new connections

Terms of Reference

Indo-Pacific Strategy: how can we best develop a coherent strategy for a free, prosperous and peaceful Indo-Pacific?

A Ditchley Foundation conference

Dates: Sunday 29 September – Tuesday 1 October 2024

DITCHLEY

Terms of Reference

Introduction

The Indo-Pacific has emerged as a grand stage of both global opportunity and geopolitical competition. This vast expanse, home to some of the world's most dynamic economies and vital maritime trade routes, is undergoing a profound transformation. Power dynamics are shifting unpredictably and the risks of confrontation, intended or not, are growing, even as the region's economic growth and technological innovation make it the driver of global growth. Conflict in the Indo-Pacific would threaten much more than regional stability.

This Ditchley conference aims to provide space and time for defence and national security leaders from a range of democratic and allied countries to think through strategy in a broader context, alongside those charged with promoting and protecting economic growth and so bringing together diverse perspectives to generate fresh insights.

Our aim should be to work towards a coherent strategy across democratic countries. This means striking a balance between accommodating China's legitimate ambitions for further development and established role as a global supplier and major market, whilst putting in place the alliances and capabilities to protect established international norms and to preserve the peace.

For the middle part of the conference, we will split into three working groups to explore a selection of issues in more detail. The lists of questions might seem daunting but we will tailor the groups' agendas when we are closer to the event to be able to match issues to confirmed participants' expertise.

Indo-Pacific Security

The preservation of security in the Indo-Pacific hinges on a delicate balancing act – the cultivation of effective security alliances capable of deterring aggression while carefully managing tensions arising from China's expanding military ambitions and unresolved regional flashpoints.

How should existing security groupings (e.g., AUKUS, Quad) in the Indo-Pacific evolve to meet changing strategic realities? What are the most effective deterrence strategies in the face of China's military advancements, and how can we implement them whilst avoiding unnecessary escalation? Given the risk of miscalculation, what diplomatic channels and confidence-building measures could de-escalate tensions with China without undermining deterrence? Can we develop a shared regional security architecture that respects the sovereignty and addresses the concerns of all nations, large and small?

Unpacking these questions for **Group A** to address in more detail:

- **China's intentions:** what kind of Indo-Pacific security architecture does China want and how far is it willing to go to try to bring it about? What is the right balance between acknowledging China's outside influence in the region, as a superpower, and deterring actions that are unacceptable to the democratic world? Should we be clearer about the actions we are willing to take, or retain more strategic ambiguity? How should we view the regional impact of China's march towards nuclear parity with the US and its development of short, medium and long range missile capabilities? How will this tax our existing approaches to strategic stability and nuclear deterrence? What are the hopes for regional arms control in this difficult context?

- **Evolving Alliances and Strategic Partnerships:** the US, Australia and the UK intend AUKUS to be a cornerstone of regional security through the extension of nuclear-powered submarine patrols in the region and a framework for the development of technologies critical to defence and national security. How might AUKUS evolve? Should/could Japan be included in pillar 2 and if it was, where would that leave India as the remaining member of the Quad? Is AUKUS going to lead to a shorter-term deficit of submarine capability and how might this be addressed?
- **Technological capabilities:** how quickly can we integrate better data collection, better data analysis and degrees of automation and autonomy into security systems in the Indo-Pacific? How can we develop these systems to make it easier to share capabilities and knowledge derived from them with allies? What's the role for open-source intelligence in that light?
- **The Taiwan Question:** how can the status quo across the Taiwan Strait be best assured? What is the most effective way to deter a Chinese attempt to regain Taiwan by force? Is political will to defend Taiwan assured in Taiwan, in the US and in Europe?
- **Addressing the North Korea Challenge:** Efforts to secure the Indo-Pacific cannot ignore volatile, nuclear-armed North Korea. Russia's new dependency for weapons on North Korea has reignited North Korea's defence programmes. What more can we do to contain North Korea?
- **Japan and India** are the coming military powers in the region with Japan now set to become the world's third largest defence spender by 2027, having doubled its budget from 1 percent to 2 percent over 5 years. It will develop significant missile and naval capability. It is keeping a close eye on nuclear deterrence. India, meanwhile, already a nuclear power, aims to develop its own submarine capability. How should we engage most effectively with Japan on the one hand and India on the other in building regional security frameworks?
- **Geopolitical Complexity and Smaller States:** While strategic competition between major powers often dominates, we should not overlook the security vulnerabilities and economic concerns of smaller states within the Indo-Pacific, not least because they could be the flashpoint with China, as for example with the Philippines and Second Thomas Shoal. How can we build a shared security strategy with ASEAN states?

Economic Interdependence and Technology Collaboration

The economic rise of the Indo-Pacific has been remarkable but sustaining economic integration within a climate of geopolitical rivalry presents new obstacles. Balancing national security concerns, nurturing vital trade relationships, and fostering technological innovation requires thoughtful, multilateral solutions.

How can economic cooperation in the Indo-Pacific be structured in ways to foster innovation and benefit nations of varying economic maturity? What policy mechanisms can promote technology collaboration while addressing critical security concerns and protecting intellectual property? Are initiatives like AUKUS Pillar 2 sufficient, or does the region require broader economic cooperation frameworks that are less security-focused? How might member states constructively develop the Comprehensive and Progressive Trade Agreement for Trans-Pacific-Partnership (CPTTP)? Might other western democratic powers join alongside the UK? In the face of China's growing economic influence, how can the West provide attractive alternatives grounded in shared values and long-term sustainability? How can nations in the region diversify their economies and supply chains to reduce over-reliance on China, ensuring greater resilience?

Unpacking these economic questions for **Group B** to address in more detail:

- **Indo-Pacific Growth and Inclusive Partnerships:** while big powers like the US, Japan, and India, are key Indo-Pacific players, the region's dynamism also stems from fast-growing economies like Vietnam, Indonesia, and others. How can we shape international cooperation to uplift these emerging markets while mitigating the risk of alienating them through overly rigid security frameworks?
- **Coordinated Economic Strategy:** The economic response of democracies to the Indo-Pacific lacks cohesion, with the US, EU, UK, Japan, and India each pursuing their own specific strategies. Finding areas for enhanced coordination, especially regarding technology sharing and investment in emerging markets, could bolster the region's economic stability and counterbalance China's dominance. Can and should other democratic countries join the CPTTP? How do we balance the current trend towards protectionism in favour of domestic production with open engagement and trade with the region?
- **Diversifying Supply Chains and Markets:** how can nations in the region and their partners balance economic security with the realities of existing interdependencies? What inflationary impact will diversifying supply chains have on the economy in the region and how can this be mitigated?
- **Technology as a Driver of Influence:** technology, and the data it generates, is increasingly a currency of power. China's ability to offer affordable technology packages to Indo-Pacific nations is a key source of its influence. How can the West and its allies create competitive alternatives, for example on AI, grounded in shared values of data privacy and digital ethics? How can we make the most of AUKUS? Can and should AUKUS Pillar 2 be expanded to other countries such as Japan?

Diplomatic Influence and Soft Power in the Region

China's military build up and economic strength supports a narrative that places China at the centre of the region, asserting China's inevitable rise and dominance and encouraging other countries in the region to make an accommodation. This extends beyond the region in China's depiction of itself as the leader of the "Global South" against western hegemony. Most countries in the region do not want to be forced to choose between China and the democratic world, seeing both as essential to their economic development.

How can democratic partners best address and counter China's narrative? What are the most effective ways to build genuine partnerships with Indo-Pacific nations that acknowledge and reinforce their independence and address their specific priorities? How can soft power initiatives like education, healthcare support, and cultural exchange complement security and economic efforts in building stronger ties? How can we provide increased investment capital? On soft power then how do we rebut Chinese claims of a democratic world in decline and instead show our resilience and innovation? Who are our most powerful spokespeople? Without being unnecessarily adversarial (which many in the region see as unattractive), how do we point out the risks of engagement with China on its own terms, for example debt-trap diplomacy, damage to the environment and the undermining of domestic industries and markets?

Unpacking these questions for **Group C** to address in more detail:

- **Diplomacy and Soft Power:** Investments in diplomatic capacity, cultural exchange, and targeted aid programs can bolster the appeal of engaging with democracies. How do we want to be seen in the Indo-Pacific? Are we better off presenting diversity on a national level or is there a value to more coordinated messaging as set out below?

- **Coordinated Messaging:** do the diverse voices of the U.S., EU nations, Japan, Australia, and partners like India need a unifying thread when it comes to China policy? What shared principles can we find (on freedom of navigation and the rule of law or example) and then craft consistent messages?
- **Methods of Messaging:** how can we best tell our story in the region? What media and channels are most effective? What does the region find admirable about democratic partners and what is troubling?
- **Economic Incentives:** China's model of investment, often with fewer strings attached, is appealing to many nations. The West has struggled to create equally attractive economic packages. How can we develop innovative financing mechanisms, sustainable infrastructure development initiatives, and enhanced trade pacts with developing nations.