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Summary Report

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The Observer Research Foundation, in collaboration with the Council on Foreign Relations, hosted the Council of Councils Seventh Regional Conference in New Delhi, India, from January 11 to 13, 2015. Over the course of the two days and six sessions, experts and scholars from twenty leading institutions from around the world gathered to discuss the state of global governance in a shifting international context.

The conference saw lively debates and deliberations over some of the most pressing issues confronting the world today. As the conference was held in Asia, the first day focused on certain regional issues that have policy implications for the rest of the world as well. Topics included nuclear security in Asia, growing extremism and instability in the Middle East, and emerging great power dynamics in the Indo-Pacific region. The second day looked at critical global issues including the internationalization of the Internet governance, the future of multilateral trading systems, and challenges for a post-2015 climate change agreement.

Participants had nuanced understandings of the challenges confronting the region and the world, and the prospects for international efforts to tackle these issues effectively. While consensus was not always possible, participants put forth a number of policy recommendations for effectively addressing the various dilemmas and opportunities.

NUCLEAR ASIA

The rise of Asian nuclear powers is complicating the regional and global nuclear strategic landscape and challenging conventional wisdom about nuclear deterrence. Nuclear weapons policy was once dominated by U.S.-Soviet bipolarity, which provided a measure of stability by limiting the number of actors involved. The size of the U.S. and Russian nuclear arsenals, still the largest in the world, has contributed to a “Cold War hangover” in nuclear affairs; yet as Asian arsenals increase, the gap is narrowing, and the world is overdue in recognizing Asia as the primary source of nuclear instability.

Nuclear weapons tend to reflect larger political issues of regime security and balance of power. One major issue contributing to insecurity and instability among Asia's nuclear weapon powers concerns doctrinal confusion. One participant observed that while China claimed to drop its No First Use (NFU) policy in a 2013 whitepaper, it later reiterated the continuation of that doctrine. Participants considered the possible implications that the NFU doctrine could have for territorial flashpoints such as the South China Sea, East China Sea, and Taiwan, which are contested by multiple countries. Participants noted that similar concerns exist in the cases of India and Pakistan, with divergences and lack of clarity over nuclear doctrine raising the risk that insecurities could escalate into a dangerous bilateral or even region-wide conflict. Addressing current asymmetries in nuclear capabilities and doctrines will be critical for maintaining strategic stability in a multipolar, nuclearized Asia.

The danger of instability in Asia is compounded by secrecy and competition among regional powers, with the added difficulty of conducting dialogues. One participant noted that from the Indian perspective, Pakistan has inverted traditional nuclear deterrence—in effect using its arsenal as a shield behind which to foster destabilization and sponsor cross-border terrorism, while deterring Indian retaliation. While India thought South Asian nuclearization might lead to stability, Pakistan has in fact used it to sow greater instability. Another participant posited that a major power shift between the United States and China could require South Korea and Japan to nuclearize or form an alliance. Moreover, beyond the major powers lies the problem of how to situate North Korea in the regional and global nuclear landscape. One participant suggested that the policy of “strategic patience” is not enough and that countries should take proactive measures now to ensure that North Korea does not and cannot develop additional nuclear weapons capabilities. In light of the complexities in the region, understanding destabilizing behavior is critical; and reducing room for misperception through increased dialogue, formal agreements, and confidence building is important.

Finally, participants discussed the relationship between Asia's rising nuclear capacities and the shifting geopolitical landscape. One suggested that China's nuclear capabilities are increasing even as U.S. and Russian operational capabilities are aging and potentially degrading, giving China greater leverage. Participants discussed the potential for mutually beneficial cooperation to restrain crosscurrents of competition. As U.S.-China relations deepen, confidence-building measures on nuclear issues will be increasingly important, especially given Beijing's relations and influence with Pyongyang. Another participant asked whether a waning confidence in U.S. security guarantees might lead countries like South Korea or Japan to consider nuclear weaponization.

Policy Prescriptions

During this session participants offered a number of policy recommendations to improve the prospects for nuclear stability in Asia:

- India and Pakistan should be brought into the P5 Dialogue on Nuclear Issues.
- Steps should be taken to address the prevailing ‘culture of secrecy’ in the nuclear energy sector, as opening up robust nuclear security measures will be mutually beneficial.
- The United States and Russia should link additional nuclear arms reduction commitments to other powers committing not to increase their nuclear arsenals, thus stabilizing any incipient nuclear arms race.
- States should increase cooperation on issues where interests overlap, such as nuclear safety, in order to build confidence among states.
- Finally, informal safeguards already in place should be formalized. Currently Asian powers are not coupling warheads with delivery systems, and codifying a regional commitment to not to do so would help ensure stability in Asia.

NEW GEOMETRY OF EXTREMISM AND INSTABILITY: RESPONDING TO THE CONTEMPORARY DEVELOPMENTS IN WEST AND SOUTHWEST ASIA

In recent years and months, as many as four Arab states—Yemen, Libya, Syria, and Iraq—have ceased to exist in the traditional sense of statehood and have the potential to remain unstable for decades to come. Instability in these states has consequences for the security of the entire Middle Eastern region and beyond. During this session, participants discussed how major regional and extra-regional powers should cooperate to find an optimal resolution to these conflicts. However, they acknowledged that regional rivalries have prevented states from focusing on a final equilibrium that incorporates the goals of all major stakeholders.

As the conflict in Syria continues to devolve, participants acknowledged that countries must do something major to address the problem, but questioned what, if anything, can be done to stop the violence. Most agreed that international diplomacy had failed, as seen in the case of the Geneva II conference that brought together regional and international stakeholders to resolve the Syrian impasse, but yielded no real results. The spread of the Islamic State group into Syria and the involvement of foreign terrorist fighters among the fragmented rebel groups, as well as proxy wars being fought by other states through the different factions, complicate the international response. Participants discussed the possibility of accepting that Bashar al-Assad might remain in power—or the current regime may remain in place with a different president. The merits of such an approach were hotly contested—a number of participants argued that allowing a person or regime that has massacred its own citizens to remain in power would be an affront to international norms of the state's responsibility to protect its people.

One participant questioned whether conflict-torn countries in the region should remain single states with the same borders, or if new borders might actually increase stability. In Iraq, for instance, one participant suggested that a federalist approach with two or three different states would be a more stable option in the long run. Participants debated whether it was the responsibility of the United States to lead international responses to the conflict in Syria and others in the region or if countries in the neighborhood, like Turkey, should take a more active role in responding, including sending troops on the ground. One suggested that joint opposition to the Islamic State group could foster a degree of cooperation among strange bedfellows.

The participants also considered the possibility of resolving the U.S.–Iran nuclear standoff, including the terms and implications of any possible agreement. Some argued that even if the P5+1 (China, France, Russia, the United Kingdom, and the United States, plus Germany) reach an agreement with Iran on its nuclear program, such a settlement would not necessarily alter the strategic alignment in the region. The United States and Iran may continue to be engaged in a low-intensity rivalry while bringing about greater stability in the region. As long as both parties adhere to the clauses of the agreement, there will be greater possibility of broader cooperation.

The group also discussed the impact of lower energy prices on the political and economic order in the Middle East. Saudi Arabia has been an important player in bringing about the decrease in oil prices. In contrast, the decline in energy prices has magnified Iran's economic problems and could reinforce Tehran's conviction that the nuclear deal would be in its favor. In Iraq, the falling price of oil has reduced the revenue the government has available to fight the Islamic State group, but it has also reduced the group's ability to access funds.

Policy Prescriptions

Participants, individually as well as collectively, offered a number of policy recommendations to address regional challenges:

- The Arab League should take a greater leadership role in dealing with the economic and security consequences of the deadlocked conflicts in the region.
- In order to deal more effectively with the rise of the Islamic State group, stakeholders should identify and ameliorate the roots of growing extremism in the region, which may include lack of security, poor socioeconomic conditions, and a perceived “clash of civilizations.”
- Negotiations among the United States, the European Union, Russia, and Iran over the latter’s nuclear program should not be conducted in isolation, but also with an eye to securing Iranian assistance in resolving the conflict in Syria and containing the Islamic State group.
- Major Asian countries, including China and India, should enhance their diplomatic efforts to help bring peace and stability to this volatile region.

GREAT POWER DYNAMICS IN THE INDO-PACIFIC

The Asian Century is being shaped by great power dynamics that are playing out in the Indo-Pacific region. These include the rise of China, bilateral disputes in the East China and the South China Seas, Russia’s standoff with the West, India’s changing foreign policy, the U.S. rebalancing strategy, and Japan’s new leadership under Shinzo Abe. The region is also witnessing the emergence of middle powers and swing states, which are keen to play a role in mitigating—and, in some cases, exploiting—frictions among the great powers.

Participants discussed the differences among Asian powers in terms of their political systems, concepts of sovereignty, the shifting security order, and approaches to managing regional conflicts. Such divergences in a normative outlook complicate an already complex strategic environment. However, the latter half of 2014 saw a number of improvements in the region with respect to territorial disputes, which have led to a cautious optimism. Participants also considered how this region has witnessed the formation of a variety of mechanisms—bilateral, trilateral, sub-regional, and regional—to maintain peace and security. Trade and financial flows, which should continue to grow, have assisted regional economic integration.

Participants discussed how middle powers are playing an increasingly important role in mediating relations among the great powers, often seeking to create a balance among them and enhance their policy flexibility. Those middle powers with a higher profile, such as Australia and South Korea, have been able to put forth innovative ideas, as well as effectively build platforms for negotiation and cooperation. Indonesia, in contrast, is not yet able to effectively exploit its capacity as a middle power due to a lack of domestic capacity. Cambodia, Laos, Myanmar, and Vietnam, meanwhile, are still struggling to find their footing in this region. And while the first three countries have strong ties with China, Vietnam is pushing to form crucial bilateral ties with nations such as India.

Finally, participants discussed the varied interests of India and China in the region. One of India’s primary concerns is freedom of navigation, and over the years, India has cultivated close naval relations with Vietnam and a few other countries to ensure this. But as China gains more power, some fear its aggressive stance in the East and South China Seas could escalate tensions rapidly in the region. India is also concerned about the possibility of conflicts in these two seas being mirrored in the Indian Ocean region. To this end, India has increased bilateral relations with countries like Australia, Indonesia, and Japan to help prevent tensions rising over disputed areas. One participant argued that further legalization

of the maritime domain could help increase stability in Asian waters, but suggested that the United States must lead by example by ratifying the United Nations Convention on the Law of the Sea (UNCLOS).

Policy Prescriptions

Throughout this session, panelists made a number of policy recommendations for how to stabilize potentially volatile power dynamics in the Indo-Pacific region:

- Countries should put greater emphasis on economic incentives through joint partnerships, such as the one between China and Japan in 2007.
- Asia should develop a regional mechanism for conflict management. The current focus is more inclined toward conflict resolution, which makes solving bilateral and multilateral disputes more difficult due to the inability to implement confidence-building measures.
- Countries should develop further maritime legislation to clarify standards of operation in the maritime domain in Asia.
- As a swing state, India should seek to engage with both the United States and China. By shouldering more responsibility and strategically engaging both, India will be able to balance out China's engagement in the Indian Ocean.

THE GROWING THREAT OF TERRORISM

There has been a resurgence of terrorism on the global stage. The rise of the Islamic State group and the recent terrorist incidents in Paris, Sydney, and Ottawa show that this is a major challenge that confronts every region in the world. For most of the early twenty-first century, al-Qaeda was perceived as the world's primary transnational terrorist threat; the rise of the Islamic State group has brought a new threat to the fore. Moreover, there has been a multiplication of regional extremist groups in South Asia, Africa, and the Middle East. Compounding this problem, al-Qaeda now has numerous decentralized branches operating in different parts of the world. As instability due to conflict increases, terrorist sanctuaries have also expanded in areas beyond government jurisdiction, including along the Afghanistan-Pakistan border, in the Middle East, and in North and West Africa.

Participants discussed how the shifting terrorism landscape demonstrates a need to reassess and adapt current counterterrorism efforts. Terrorist groups, for instance, increasingly use the cyberspace to spread their message and recruit volunteers: al-Qaeda, the Islamic State group, the Taliban, and Lashkar-e-Taiba, among others, have successfully exploited the Internet to further their objectives. The recent attacks in Paris also exposed how a relatively small group of people can hold a large city hostage. As a result of this incident, some participants suggested that "lone-wolf terrorism" is likely to intensify. Participants discussed the need for countries to better understand and expand domestic efforts to counter violent extremism, on top of counterterrorism operations. They also outlined the challenges that the declaration of an Islamic caliphate in Iraq and parts of Syria by the Islamic State group poses to international counterterrorism efforts, including through the Islamic State group strengthening its recruitment of foreign fighters. Participants debated how countries could best respond to this rising challenge.

A number of participants also highlighted the terrorist challenges confronting India, particularly the growing radicalization of India's neighbors, including Afghanistan, Pakistan, Bangladesh, and the Maldives. One noted that supporters of the Islamic State group had held a number of rallies in the Maldives, although these went largely unnoticed globally. Several identified Pakistani support for terrorism as an ongoing challenge, arguing that only greater international pressure, especially from the United States, could bring about a change in Pakistan's behavior.

Policy Prescriptions

Participants acknowledged that there are no quick or easy solutions to the evolving terror threat. This is going to be a long process and cannot be solved overnight. Nonetheless, the discussion touched upon some steps that could be taken to more effectively deal with these challenges:

- States should take a more holistic and inclusive approach to countering violent extremism. While it is important to take military action against these groups, measures should also be taken to tackle them at the ideological and political level. At the same time, one should keep in mind that societal reform can only come from within and cannot be imposed by an external actor.
- Countries should develop greater consensus at the international level regarding the definition of terrorism and terrorists.
- States should implement a more sophisticated analytical framework to distinguish among different groups with varying local, regional, and global agendas, so that they can develop individual strategies to deal with each, avoiding a one-size-fits-all approach.
- Countries should identify priority areas where cooperation with other countries on matters of counterterrorism and countering violent extremism can be promoted.

INTERNATIONALIZATION OF INTERNET GOVERNANCE

2014 was a pivotal year for Internet governance. Major conferences like NETmundial in São Paulo and the International Telecommunications Union (ITU) Plenipotentiary in Busan highlighted important debates on multistakeholder governance, the idea of maintaining an open Internet, and issues of sovereignty and government's role in governing cyberspace. These forums underscored that the accelerated pace of Internet development necessitates a governance framework that accommodates both rising and established powers. They also highlighted the unique nature of Internet governance, notably the need for governments to share traditional governing roles with other actors, including the private sector and civil society.

Participants acknowledged that the climate of global Internet governance and cybersecurity is changing, especially after the Snowden revelations of massive U.S. government-sponsored surveillance, which led some to suggest that the United States has so completely forfeited moral leadership that it cannot even cooperate with its allies in Europe. Participants discussed how the Snowden revelations deeply damaged U.S. standing worldwide. Still, others argued that the biggest concern was the lack of outrage from individual users to the revelations of pervasive surveillance. As the Internet becomes increasingly integrated in our day-to-day existence, participants acknowledged that norms about online rights and privacy must be developed and integrated into countries' domestic legal frameworks.

Most participants agreed that the development of a single mode of Internet governance with a central authority is unlikely, citing the decentralized and diversified nature of cyberspace. However, there was less agreement on whether a balkanized Internet, with separate regional or national networks, will come to pass—one participant suggested that for some countries, “balkanization” was just a way of saying “de-Americanization”—or if the multistakeholder model is likely to be formalized. To this end, participants discussed the U.S. handover of the stewardship of the Internet Assigned Numbers Authority, and whether the Internet Corporation for Assigned Names and Numbers should be awarded the contract permanently. Participants discussed countries' varied perceptions of the role of the state, contrasting the views of China, which argues for greater sovereignty over Internet governance, and states like Brazil, which insist that, as the Internet is a global public good, the multistakeholder model is the only way to ensure its openness. Participants also debated whether cyberspace might be governed by a general agreement that nevertheless permits states to opt out of certain clauses. However, given that many

stakeholders, not just governments, are involved in Internet governance, some argued that such an intergovernmental structure would violate the general principles of a multistakeholder system.

Participants also discussed the problem of developing countries' voices being left out of governance debates, an issue exacerbated by major gaps in Internet access. To this end, one participant noted India's role as a swing state on the issue of multistakeholder vs. localized governance models, especially as it rapidly increases Internet access for its population of more than one billion people.

Policy Prescriptions

While there was substantial agreement about the challenges inherent in maintaining a stable Internet, participants were not able to definitively concur on a single framework to move forward. Still, two policy solutions were suggested:

- Given that corporations frequently encourage users to relinquish their privacy rights but often not to the user's benefit, civil society and governments should dedicate greater resources to educating individual users of the Internet about how and why to protect their privacy and security online.
- States should form an international agreement delineating redlines that should not be crossed regarding cyber issues, such as cyberwarfare and the use of the Internet for mass surveillance.

CHALLENGES FOR A POST-2015 CLIMATE CHANGE AGREEMENT

As the global community advances toward the goal of an international agreement on climate change in Paris in late 2015 at the United Nations Framework Climate Change Conference, the twenty-first session of the Conference of the Parties (COP-21), the main challenge will be to unite nations in disparate circumstances behind decisive climate action. A number of problems regarding crucial elements of the draft agreement and their implications for the Paris 2015 summit emerged from the COP-20 summit in Lima in December 2014. These include a lack of clarity on methods for nations to decide their Intended Nationally Determined Contributions (INDCs); gaps in the Lima agreement, such as the lack of emphasis on finance and technology; and the controversial inclusion of financial commitments from developed countries to help offset "loss and damage" in smaller island states. Two other uncertainties that must be promptly addressed are: One, the question of whether the final agreement will be truly legally binding, and two, how the same accord should balance the goals of adaptation and mitigation.

Panelists argued that the concept of INDCs, emerging from the Warsaw Climate Change conference in 2013, indicate a shift in the paradigm of climate negotiations, whereby the global community is moving away from a largely top-down approach of the Kyoto Protocol toward a composite arrangement that combines both top-down and bottom-up elements. Since the aim of the INDCs is voluntary mitigation commitments from both developing and developed countries based on their respective national capacities, the targets for each country are necessarily different; and for developing nations, the principles of equity and Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC) are central.

The main conundrum for developing nations and India in particular is balancing its developmental and energy needs with its pursuit of clean energy sources. While promoting renewable energy is vital for sustainable development pathways, a scenario where fossil fuels are phased out entirely could prove to be detrimental for India's growth. With a sizable population that falls below the poverty line, this would

mean that a large part of the country would effectively be unable to afford energy or access basic sources such as housing and electricity.

Most participants agreed that for a successful agreement in Paris, the focus must include means of implementation and financial commitments. Commitments made by developing countries on mitigation actions and “climate readiness” must be paired with commitments from the developed world to provide capacity-building assistance. In addition, the institutional capacity of developing countries must be taken in account when setting up monitoring mechanisms. Participants suggested that a concordance between finance and technology mechanisms is essential.

Finally, participants acknowledged that while universal mitigation targets and goals might not be entirely effective, they could create momentum on climate action in India and other developing countries through bureaucratic incentives, and domestic laws and policies.

Policy Prescriptions

While the obstacles to generating global consensus on climate change issues are many, there is no longer room for doubt that action must be taken. To this end, participants suggested a number of policy options that could improve prospects for tackling climate change:

- To be effective, the international climate process should supplement domestic efforts of countries, and developing countries should combine their developmental imperatives with mitigation. Viewed in this manner, the INDCs should not be seen as a cap or limit, but as a base level for mitigation commitments.
- Political action on climate change is often mired in rhetoric and inertia and in this regard, think tanks and research organizations should play a leading role in parsing relevant concerns vis-à-vis climate change.
- Countries and the private sector should start accounting for the future costs of climate change. Put into financial figures, the cost of what will happen if nothing is done will likely far outweigh the cost of taking actions now to address the problem.

FUTURE OF MULTILATERAL TRADING SYSTEMS

There has been a surge in regional trade agreements (RTAs), particularly in the last decade. As of January 8, 2015, the General Agreement on Tariffs and Trade and its successor, the World Trade Organization (WTO) had received 604 notifications of RTAs. The proliferation of these regional trade systems, despite the existence of the WTO, raises certain questions regarding the future of global trade liberalization.

The primary concern in this area is the coexistence of regionalism and multilateralism. Participants argued that coexistence is indeed possible. Global trade regimes have always competed with their regional counterparts, they observed. Further, regional free trade agreements (FTA) provide fertile grounds for creativity and innovation, and such agreements could be scaled up to become multilateral platforms.

Participants also discussed the future role of the WTO in the new trade regime. The existence of the WTO, despite general hesitancy on the part of member states in committing to global free trade, remains an important achievement. However, given the steady rise in the number of regional systems, the WTO needs to bolster the centrality of its dispute resolution mechanism. Further, the WTO must find a way to move forward without being held hostage by the principle of global consensus. Even relatively easy-to-

achieve targets, such as those set under the Trade Facilitation Agreement (TFA), have struggled to achieve consensus.

Participants discussed the changing nature of trade deals, which have expanded from merchandise to include investment, among other topics. They debated how FTAs have become a means for major powers to compete for strategic influence. Thus, some considered the Trans-Pacific Partnership to be a U.S. mechanism for containing China's growing influence in the Asia-Pacific region. Similarly, they suggested that the Free Trade Area of Asia Pacific was China's counteragreement. Participants also mentioned the use of FTAs as a geostrategic tool, pointing to the proposed agreement between China and Sri Lanka in June 2015 as an example—since Sri Lanka's chief exports are tea and textiles and China is already a net exporter of both products, participants suggested that the only discernible motive was a political one. However, a number of participants expressed scepticism about whether these trade deals are masking political alliances or if such economic alliances simply foster better political relations between countries.

Policy Prescriptions

Despite the growing popularity of regional agreements, global multilateralism still has a role to play. Participants made several suggestions for how the WTO could improve its performance and maintain its centrality within the world trading system:

- The WTO should expand its currently limited role in the financial sector. The WTO should play a more central role when countries go bankrupt. Further, as the nature of trade agreements shifts toward the inclusion of investment, the WTO should facilitate more investment-related trade agreements, like the Transatlantic Trade and Investment Partnership.
- The WTO should revisit the concept of global consensus, especially on broad trade agreements. Even relatively easy-to-achieve targets, such as those set under the TFA, have struggled to secure consensus. Instead, the WTO should facilitate more single-sector trade agreements

CONCLUSION

Increasing global connectivity and integration implies that no part of the world can remain entirely insulated from problems in other countries and regions. As the discussions from this conference demonstrate, major political, security, economic, environmental, and social developments in Asia have ramifications for the rest of the world. Several themes cut across the sessions, including the rising role of China, the geopolitical shift due to the emergence of swing states and middle powers, and the need for U.S. leadership abroad. While a number of policy options and possible solutions were suggested, it will require a great degree of political will; consensus cutting across national boundaries; and a concerted, coordinated effort from all major players for these prescriptions to be effective.