



THE RISE OF MIDDLE POWERS: GEOPOLITICS AND THE NEW GLOBAL ECONOMIC ARCHITECTURE

Announcer 00:00

Please welcome the panel on "The Rise of Middle Powers: Geopolitics and the New Global Economic Architecture," moderated by Robin Hu, chair emeritus, Asia, Milken Institute.

Robin Hu 00:23

Okay. Good morning, ladies and gentlemen. You have made it to day three of a grueling three-day-long summit, so congratulations. This year, actually, we had 1,500 delegates from 50 countries, nine sessions and 320 speakers, so I thank you for choosing to be with us this morning. Now, the question we will investigate this morning is not whether the middle powers are about to replace the global order. I think most of us don't believe that's going to be the case. But if you don't agree with me, please challenge the premise as you wish. Now, the more interesting question, of course, is whether, in a more fragmented world, the middle powers may have greater agency to shape the system that will continue to work, be it in trade, technology, security institutions and, of course, capital. So, the question is: How much agency do middle powers really have? And where are their limits? And what can they do with it? This is what we hope to unpack and test this morning. And to solve this very simple puzzle, we have three brilliant minds: the all-endearing High Commissioner Paul Thoppil of Canada; Adam Ward, who knows every single statistic in the universe from Oxford Analytica; and, of course, Singapore's foremost pensioner, Ambassador Bilahari Kausikan. I didn't even have to ask you to clap if you like them, and I was about to say if you don't like them, you clap anyway. So, I'm going to start with an opening rapid-fire round for the three wise men on stage. Let me start with this: What has become possible for middle powers in the last five years that wasn't possible before? Bilahari, set the stage on fire.

Bilahari Kausikan 02:35

Well, first of all, I don't like this term "middle power." It's almost totally meaningless. Not totally meaningless, but almost, because it's a relative term, and power has many dimensions, and the relativities are different in different dimensions. As far as security is concerned, none of the so-called middle powers is middle. They are dwarfs, actually. As the secretary-general of NATO reminded the European Parliament less than a week after Mr. Carney made that speech in Davos, he said, "If Europe thinks you can take care of your own security, keep on dreaming."

But in other dimensions, you have some agency. There is no country that is totally without agency, whether you're big, small or middle. Otherwise, I wouldn't be sitting here talking to you, and you wouldn't be sitting here either, because Singapore, as we know it, wouldn't exist.

Robin Hu 03:32

That's right. And neither would all of them, yeah.

Bilahari Kausikan 03:34

Right. So, it depends on the dimension or the domain that you're talking about. In technology, for example, it depends on what kind of technology. If you're talking about AI, there are really only two powers that matter, and the rest, if you're kind, you might call some of them middle powers. If you're talking about trade, that's a bit more widely distributed. If you're talking about, I don't know, culture, then you have different relativities in different domains. But whatever the domain, and this is my criticism of Mr. Carney, first of all, he spoke with the passion of a prophet. I happened to listen to him. I was in Zurich on a livestream. But like many prophecies, the content was a bit lacking. First of all, many countries in Asia had already been doing this without evoking the melodrama of an order crumbling about your ears. You don't like the TPP? We have the CPTPP. We have the RCEP. Because if that's a trade domain, then you have some agency, more than in other domains. But whatever the domain, it's impossible for me to conceive of any kind of order based on rules, on stable patterns of behavior, without an underlying foundation of security. And security, in this vale of tears we call the world, depends on deterrence and a balance of power. And there's no combination of middle powers that, without the US at least minimally at their back, can either deter Russia or balance China, which are the two powers that are challenging Mr. Carney's—and, I think, most of our—conception of a rules-based order.

Robin Hu 05:28

Right. Well, thanks. So, my takeaway is that middle power is not an index. It's multidimensional, with granularity across all dimensions. So, Paul, would you like to profoundly disagree with Bilahari?

Paul Thoppil 05:45

Yes.

Robin Hu 05:46

You have to say that, but come on.

Paul Thoppil 05:48

And I'm not saying it to—I expect you don't have to say so because my prime minister said so. I think that, with all due respect to my eminent colleague, I think what we're seeing, as my prime minister said, is a clear rupture because hegemons aren't respecting the rules-based order that's been the principal basis of how the world has been evolving after the Second World War. And I underline the word "hegemons." Not just one, there's a number of them. And there's a number of elements or factoids. One uses economic coercion. One's using hostage diplomacy on state-to-state relations. One has not respected the UN ruling on the South China Sea. One is using financial sanctions against others. One's going into other countries without UN sanction. The list goes on, and that's just over the last couple of years. So, there is a rupture. And then the rupture has to be addressed. Well,

where does it move to? If you're going to make the assessment based on today and whether there's any kind of consortium, well, I'll paraphrase sort of a comment at a previous panel earlier whereby there's been a bunch of us that have been in the basement of our parent. We've now been kicked out or we want to leave. But that accountability and that ability to organize doesn't happen overnight, particularly when you're talking about liberal democracies. It's going to take time. So, if you're going to talk about an assessment based on today, I think my colleague's evaluation is correct, but the tectonic plates are shifting. And we're seeing it with Canada and the EU being at the forefront of that leadership. So, I would say it's about the exercising of muscle that middle powers are starting to use, that for some of us, we've never had the ability or need to before.

Robin Hu 07:56

Yeah. Great point. I think your point is that the world is in danger of rupture, and your prime minister pointed it out. So therefore, what would you say are the triggers that we are in danger of seeing being pulled that could potentially bring the world into a rupture?

Paul Thoppil 08:15

Well, middle powers have already organized in terms of what is the most forthright evidence, which is the coalition of the willing to support Ukraine. There are 34 member countries that are providing significant military and financial support and intelligence support in order to support the resilience of the Ukrainian people every day. That's incredible when you think about how many of them are liberal democracies that have to get the social licenses of their populations and the ever-changing governments through the electoral cycles over four years. And so that's middle power coalitions in evidence. That's just on the security side. Then on the trade side, based on what my prime minister desires and what Canadian diplomats are doing, we're at the forefront of trying to be a bridge between the CPTPP countries and the EU with an aspiration to form a new global economic bloc totaling 30 percent of the world's GDP. Now, are we there yet? Of course not. But I think the assessment of, well, we don't have it today, so therefore we can't, and we will never be an equivalent risk mitigator to hegemon action—

Robin Hu 09:31

Fair enough.

Paul Thoppil 09:31

But I think the movement is happening. The EU's offer, unprecedented to Canada, to offer associate membership status, I think everybody's looking at what does it mean? What do you get? I think people are missing the bigger picture. The bigger picture is—it's like-minded countries starting to mobilize, and I was really gratified to sort of see leading voices in Australia and New Zealand and in the UK saying, "Well, if Canada's going to get that, I want in, too." So, do you see the shifts?

Robin Hu 10:05

Yeah. Thank you, High Commissioner. I like the intensity on the stage already, yeah. Well, let facts and figures speak for themselves. Adam?

Adam Ward 10:18

Well, I'm into facts and figures, but I can see that my job on this panel is to land in the moderate center ground between my colleagues. So, in terms of your opening question as to what's really happened, I think what's really happened is a rise in consciousness among middle powers, a rise in common sensibility about the difficulty of managing dependencies and wanting to avoid binary choices. But we've not yet seen a commensurate rise in the building of real connective tissue between them or in the demonstration of a true capacity for collective action where it matters. I don't think we should be surprised by this. Talking about the middle powers is a little bit like talking about the Global South. It's an umbrella term that suggests a kind of spurious homogeneity. We're talking about countries of very different geopolitical traditions and priorities, different economic and political models at home, and different room for maneuver. And in fact, if you look across the swath of candidates for middle power status, whether it's in Latin America, the Middle East, Africa, Asia, or even Europe, you're seeing them all constrained in one way or another from taking really concerted or decisive action. I think the test is going to be whether they can move beyond what we're seeing now, which is a kind of organic, bottom-up, incremental collaboration across important fields—from defense procurement to critical minerals to trade and so on—into more sustained collective action in areas like moving into what are the real currencies of international power. Can they find ways to pool their capital resources in order to pursue investments in strategic areas? Can they pool their technological resources? And these are two areas where the concentration of international power in the hands of the US and China is growing. And then beyond that, is there a collective action agenda that's about building or rebuilding rules and norms? And can they even think at a more maximalist level about what kinds of anti-coercion capabilities they could develop for themselves? So, this is a big potential agenda. It's the real test, but I'm pretty sanguine about the pace at which it's likely to occur.

Robin Hu 12:45

Thank you. You mentioned the word "connecting tissues."

Adam Ward 12:48

Right.

Robin Hu 12:49

So, the middle powers, if we use that word very loosely, technology, trade, even security, and even institutions, as the world begins to fragment and decoupling begins to accelerate, we hope that it will slow sometime, but how do you see the connecting tissues in form and shape evolving in the last five years that gives you comfort or gives you reason for further anxiety?

Adam Ward 13:22

Well, I think one can take some comfort from the kinds of organic changes that I was talking about. I mean, whether that's in defense procurement, the Japanese and Italians and Brits getting together on the creation of a new fighter program, whether it's Canadian and Indian collaboration on energy partnerships, whether it's Australia and Japan on rare earths, whether it's Singapore and New Zealand on food security issues, for example, as well. So, there's a lot of activity going on there. The key question is: Does it all cohere under some kind of an umbrella of stated purpose and prioritization that means it amounts to more than the sum of its parts? And that's not quite yet where we are.

Robin Hu 14:06

Good. Let me get back to Bilahari, because we can dial the intensity up a further notch upwards. You talked about the architecture, and the architecture comprises trade, investment, technology, security, and so on, and each moves in a certain direction. Each has a level of granularity. Some have greater scope, some have lesser scope, some maybe middle is middle, some maybe middle is a dwarf. So, tell us, what is the hard test for agency? When do we know that so-and-so has agency? When do we know an agency is ready to be pressed?

Bilahari Kausikan 14:45

Well, let me just say one thing, then I'll answer your question, right?

Robin Hu 14:48

Sure.

Bilahari Kausikan 14:48

I think Adam has put his finger on it. Countries have always worked together in different combinations. That's nothing new. But whether it will cohere into something, as you said, larger than the sum of the parts, that's an entirely different question. And Paul, you did a brilliant job of defending your country's position by moving this coherence into the indeterminate future. Good. Well done.

Paul Thoppil 15:15

Thank you.

Bilahari Kausikan 15:16

But okay, now to answer your question. I don't think the ability to say no or yes is a binary choice. There are degrees of how much you can disagree. There are degrees of how much you have to agree. And that is, again, not something very new. I don't think there's one single test because I don't think it will cohere into one single structure. By the way, when we talk about a rules-based order, and I think everybody looking around this room, nobody in this room would disagree there should be a rules-based order. But I think we probably will not agree totally on which selection of which rules, which interpretation of that selection, and for what purpose, right? Secondly, I don't think we should think—I mean, we may prefer it, I think we all will prefer it—but a rules-based order is not necessarily the only kind of order. Empire, imperialism is an order, after which it then sets the rules, right? So, I wouldn't put it in such a binary way. There is no single test for agency. There are all these degrees of agency, and the degree also depends on the capability and the ingenuity of the state or the government, right? That is where I am a little skeptical it will ever come together. There are some built-in dysfunctionalities in many political systems. I'm not talking about democracy versus authoritarianism. Both have different kinds of dysfunctionalities, but there are still dysfunctionalities. So, no single test, and tests are actually in multiple places. They're probably hidden. Sometimes they emerge, and you figure it out. And you may not know it until you try it. You may not know it.

Paul Thoppil 17:15

If I may interject, there's no Bretton Woods moment. I think there's no Versailles moment. I think people are sort of looking at this one kind of gathering that's going to define then the phase where the world is moving into. It's going to be messy. We're in transition now. And what I had said in my earlier intervention was that you can see the

shifts happening in lieu of a Bretton Woods-type gathering moment for the world. But I think what the middle powers are doing is unprecedented. In our country, for example, based on the fragility that we have with our neighbor to the south, we are doing something that perhaps we can take a page from our Singaporean friends, is we're going through a vulnerability list, our fragility list, our dependency list for the first time in a long time, across payments, across AI, across a number of defense, a number of vulnerabilities, and we're trying to actively reduce our dependencies by working with those who are more like-minded. So thus, we're the first country, non-European, to access the European Defense Framework. As an example, we are now on the payment side working with the EU in terms of, that was just announced, our new payment system. We are actively looking at Project Nexus. That's here on the payment side. Critical minerals, another dependency from another hegemon. G7 minerals plus Australia, plus South Korea, plus Mexico is another example. AI.

Robin Hu 19:03

Right.

Paul Thoppil 19:04

We're with the UK, Singapore, Australia, a number of others just on AI, with guardrails and standards. So, there's a lot going on by the middle powers. It just doesn't get enough noise to the headlines. But the agenda to look at dependencies from hegemonies and risk mitigation actions by middle powers is underway.

Robin Hu 19:32

It's interesting that you use payment as an example here, right? Payment has become more complicated, more circuitous, and more difficult because the world has much greater complexities, starting with maybe export control, FDI screening, tariffs, country-of-origin certification, so on and so forth, introduction of rare earths as a choke point, everything. So, what it means is, of course, that economic policy and tools are now part and parcel of weaponization for the interest of national security. Now, when that happens, let me get back to Asia and Southeast Asia in particular so Bilahari can actually respond to that. Now, when weaponization of economic policies and tools is happening, what choices remain for Asian countries? And I'll go around this way.

Bilahari Kausikan 20:15

You want me to start?

Robin Hu 20:17

Yes, please.

Bilahari Kausikan 20:19

Well, first of all, weaponization of economic clout is not new. Maybe what is new is the degree and the scope, right? Countries with economic clout have always used it as a weapon of national security. Now, as far as Asia is concerned, obviously, the two powers that matter the most, but not totally, are the US and China. Right? Now, they both are weaponizing their economic clout. Their economic clout is not exactly the same either, but they're not weaponizing it in the same way. Now, for most Asian countries, I think I would dare say there are two nightmare scenarios. Two nightmare scenarios. One is if the US and China's rivalry, and rivalry is a natural condition of relations between states, turns into conflict. Then you have no room to maneuver. But the other

nightmare scenario is if they should happen to agree on everything, then you, too, will have no room to maneuver. Fortunately, for most of us, these two extreme scenarios are very improbable. Right? That means there is always some room to maneuver, some agency. Now, whether you have the wit to recognize the opportunity to exercise the agency and the capability to use those opportunities, that's a different matter. But there is always something you can do.

Robin Hu 21:49

Yeah. Paul, you want to comment on that?

Paul Thoppil 21:55

I think countries in Asia have demonstrated for some time their ability to hedge and not pick, and to find their own way. So, to some degree, I would actually argue that my prime minister's middle power agenda and the pursuit of variable geometry is, to Bilahari's comment, actually a playbook that, in a sense, he has promulgated, that is in part following what Asian countries have always done. I think about Singapore itself. Look at its leadership in the creation of being a founder of the small member states to create agency on issues related to small member countries. Look at Singapore's leadership in terms of trying to support the multilateral trade system on its FITP initiative. This is mobilization of states in order to shore up the multilateral rules-based system, as well as with the like-minded who believe in the same thing.

Robin Hu 23:07

Well, my diplomatic question is, other than Singapore, who else is doing well?

Bilahari Kausikan 23:11

Can I just add one thing? Thank you for your kind words on Singapore, but I think, look, the difference is this. There is a difference. I'm not saying there's no difference. Things that we don't like, unilateralism, threats, use of force, the dismissal of multilateralism, these are not recent inventions of Mr. Donald Trump. They have always been part of American diplomatic culture, and in that diplomatic culture are all major powers, right? The kind of shocks that Canada and Europe have received over Ukraine and Greenland and other issues happened to us in a somewhat different way, but in a broadly similar way half a century ago, when the US decided that the Vietnam War wasn't worth the cost and up and left, leaving those who were foolish enough or naive enough to put their trust in America in a lurch. And it was a very bitter lurch for many, right? That's not the only shock. You remember something, a small unpleasantness for Japan called the Plaza Accord. Right? And there have been other shocks. So, I think we do see that the US is indispensable for security, at least, but we have always dealt since then with the US on the basis of common interests, not the illusion of common values. Now, the city on the hill has always cast dark shadows, and that is a harsh fact, more evident if you live below the hill than if you live on it. Now, why are Europeans and Canadians so upset? I suspect one of the reasons is that they suddenly found that they are living with the hoi polloi beneath the hill and not up in the sunlight with the US, as they had assumed for a long time.

Robin Hu 25:13

That was a moment of rude awakening, which brings me to ask Paul the next question, if I may.

Paul Thoppil 25:19

That's a legitimate comment.

Robin Hu 25:20

Yes. Thank you. Yeah. Indeed. So, Paul, the question is, what should be the agenda for action now for the middle powers? And how can middle powers get things done, bearing in mind that while many in the middle power nations have applauded your prime minister's comments, many more perhaps remain skeptical? So, tell us, what would you say should be the agenda of action amongst the middle powers? Get their act together, do it now. What would that be?

Paul Thoppil 25:59

I've already tried to indicate there are a number of actions being taken across a number of thematics. The reality of diplomacy is that it takes time. But what I take a lot of optimism from is the fact that there's so much movement underway. So, as I said, I go back to the coalition of the willing on Ukraine. We are the second-largest financial supporter of Ukraine, and we are steadfast in its support. There is quiet movement on a number of thematics under the CPTPP-EU conversations that are taking place. And while I can't divulge, wait for the end of the month and the Canada-EU summit in Montreal.

Robin Hu 26:54

Adam, you have spent your career assessing geopolitical risks, right? I think many of us use your professional services. So, take away the rhetoric for us. What would you look into in order to convince all of us in this room that the middle power moment is actually changing the international system, and what might be the evidence of that, and it's happening right now in front of us?

Adam Ward 27:27

Yeah. I alluded to some of those earlier. And when we were talking before about rules-based order, the term I tend to prefer is more about the global operating environment, which suggests more flexible accommodations. But I think if you're talking about rules and norms building, we're going through a process right now in the United Nations which is going to end up with the selection of a new secretary-general. Whoever ends up in that position is going to inherit an organization that is financially on its knees, that is marginalized in respect of the key conflicts that are going on in the Middle East and Ukraine, and whose functional agencies are shrinking away from many other parts of the world where middle power interests are deeply engaged. So, is it possible for middle powers to essentially put their money where their mouth is in some respects, and to take active steps to try to rehabilitate that organization or similar ones like the World Trade Organization, which is paralyzed in some way, and to circumvent some of the blockages that have been imposed by the great powers who are veto-wielding? Are the French and the British willing to put their veto powers into the service of a wider constituency of middle powers, for instance, in pursuit of a common—

Bilahari Kausikan 28:49

They haven't used that for decades.

Adam Ward 28:51

—they haven't used it, but this is a test, right? Either we stick to dysfunctional ways of doing things that we've adhered to, or we move into something which is more progressive. I think the other key thing is to be very hard-headed in confronting the facts about the obstacles that stand in the way of middle power collaboration. You were talking before about the weaponization of economic instruments. I think we have to be honest and say that in the last several years, most middle powers have developed industrial policies that are protectionist in content and intent, that are focused on sovereignty issues and localization and onshoring and so on. And if businesses and investors are going to be expected to participate in the process of realignment and diversification, they will want to know that the path for that is being cleared for them. And it's happening on a bilateral basis, but there are difficulties here. Paul was talking about the EU-Canada discussions and the possibility of associate membership. I think there are reasons to be skeptical that a large European constituency will welcome Canadian agricultural products, or that a lot of Canadians will welcome regulatory alignment with the European Union, which is no small matter. So, let's not just get lost in a burst of enthusiasm about what has been achieved, but let's actually be hard-headed about the problems that need to be solved before we achieve the next level of progress.

Robin Hu 30:20

Excellent. I think this conversation is taking an interesting direction now, so I'm just going to drop one on the way out. Okay. So, you've mentioned two things, right? Protectionism, you mentioned World Trade Organization, right? Two big topics. I'm going to ask you those two questions. For the WTO, which still facilitates 75 percent, 70 percent of the world's global trade in terms of most-favored-nation rules, doesn't cover the digital services level that's cross-border, right? Number two, its appellate court is not functioning. So, should we continue to invest time, effort in the WTO going forward, or is the coalition of the willing and able one day going to take over that? And where do you stand on that point? That's number one. Number two, protectionism, right? You mentioned EU, you mentioned China. Now, the thing is this: EU trade with China's deficit, I don't know, maybe a trillion or whatever. It's incredible. Huge number, right? Now, China's industrial might, its industrial capabilities, its capacity, its ability to scale is so much so that it's like watching an Olympic sport. It's just not fun, right? Because they win, right? And Europe may be at a stage where you have no option but to raise walls and protectionism. Is that the inevitable path that we're headed towards? Just two quick questions. Any others can comment and disagree.

Adam Ward 31:43

I think they're good questions. The issue is: should, essentially, middle power trade interests continue to be conducted through a blocked pipe, which is the WTO, or are there ways in which the spirit and the practical content of WTO rules can be applied by a kind of shadow organization? I don't know the answer to that, but I would say this: I do think the middle power moment needs some kind of institutional framework for it, whether that is simply the better use of some existing forums or the creation of some others. But what we're looking at here is a long-term process of alignment. Most of the areas of collaboration that we're talking about, from infrastructure to trade to defense, are highly long-term in nature. They need to be made proof against the vagaries of political change. There needs to be a sustained impetus behind them, and it may be that only some kind of institutional framework can supply that. Incidentally, it exactly also meets the need for some sort of a venue in which middle powers can signal to China and to the US, "This is not a hostile act. This is simply—it's not a mechanism for decoupling. It's a way in which middle powers are articulating their intent and setting standards for behavior of the great powers that they're expecting." In terms of China, this is now a very animated debate in Europe. Europe has been through the traumatic experience in the last 10 years of having to essentially de-risk or disentangle itself from Russia, China, and the US all at the same time. And it is looking in different directions to try to achieve at least some semblance of that objective where it can, despite dependencies from technology to trade that are highly embedded. But I think we are coming to the point now where European concerns about Chinese

dumping practices, as they would say, are reaching a pitch where some kind of retaliatory or deterrent mechanism might be contemplated. You'll have seen the news recently that the Europeans gently encouraged the Chinese to think about some self-imposed restraints on exports. Somehow, Beijing didn't take them up on that. So, if that doesn't work, what is the next thing? I think we're coming to a bit of an inflection point on that.

Robin Hu 34:13

I think on Europe, this is great. We love Europe, right? The thing is this, that if you put EU all together, the GDP per capita is actually the 51st state level of USA, right? Number one. And number two, Europe is 6 percent of the world population, 17 percent of the world GDP, was 30 percent in 1992, not that long ago, and 37 percent of the world's global welfare burden. Tell us, how is that formula going to work to rejuvenate Europe, where savings in family households, where 50 percent of its family savings, public market exposure, is leveraging USA's market against your own innovation? Tell us, how is that formula going to work for Europe?

Adam Ward 35:00

With great difficulty. And I think the problem that the European Union has always had is striking the balance between regulatory order and innovation and growing the economy. We're seeing this, for instance, in AI. The European Union in the last period has brought out an AI Act that mandates certain areas of AI safety regulations. Is that deterring inward investment into Europe's AI sector at a time when most European AI start-ups are sorely tempted to move to places like the US, where venture capital opportunities are greater and where the regulatory footprint is lighter? So, I think it's a challenge, but it's emblematic of the clash between the desire for sovereign power and the vibrancy that you're going to need to sustain your sovereignty.

Robin Hu 35:56

Right. So Bilahari, you want to comment on that?

Bilahari Kausikan 35:59

Just one point. I think we should not mistake activity, of which there is a lot, for outcome. I am very skeptical that all this activity, some of it is useful in and of itself, and I'm not saying that it's not useful, will lead to any new outcome. Adam, I think you're right. You need some kind of institutional structure. But—and you may even have a new organization talked about or maybe even formed, but whether it will be effective, for the reasons you just said, Robin, the great disparities, is entirely a different matter. Just take this thing about China, right? China's economy is bifurcated to a high-tech sector, which is doing pretty well, and a normal sector, which is in the doldrums, right? And basically, they are using exports to finance the high-tech sector. So, they are not going to change. So, there is going to be some kind of barriers put up. But even within Europe, are the concerns about Chinese dumping the same in each 27 countries? Are they the same as Canadian concerns? Are they the same in, let's say, Malaysia, we were just there? They have concerns, too. So, I think whether this activity will cohere into something more than the sum of the parts, to use your term, Adam, is a very open question, and I am extremely skeptical it ever will.

Robin Hu 37:34

Introspection, Paul?

Paul Thoppil 37:36

I think it's very understandable, based on history, that people can be skeptical of the way forward. But I think if one understands the rupture, if you understand the state of American society and how polarized it is and how inwardly it is, and I would argue that is not going to change regardless of who the next president is, then I think the path that the middle powers are moving on will be sustained. Because if you agree with that diagnosis, then there's no turning back. I concur with Adam's point with regards to having some degree of further sustained effort and institutional framework would be helpful. I am gratified, and I think it's Japan who has advocated for the creation of a dedicated secretariat for the CPTPP as an example of middle powers now putting forward institutional elements going forward. We will see what happens at the Canada-EU summit at the end of this month with regards to further evolution of the space. But what I've been trying to say here is the movement is on. It's going to take time because it's liberal democracies who need to deal with that trade-off between sovereign interest versus risk mitigation against hegemon actions. But what I'm gratified to see is that even though, post my prime minister's Davos speech, which was earlier this year a lot has transpired to date.

Robin Hu 39:31

Yeah. Great. I'm going to ask one more question, and I'm going to turn to the floor, right? We usually don't do this, but actually this is a very intimate setting, and since you rose so early in the morning to be with us, you have questions you want to ask these three wise men. I have in mind Steve, I know I can count on you. Hans, I know I can count on you. And Alok, I know I can count on you. And then the rest of you just raise your hand and tell me what you want to ask. I have three questions for the three of them to pick, right?

Paul Thoppil 39:57

You have five minutes.

Robin Hu 40:01

Oh, really?

Bilahari Kausikan 40:02

Yeah, it just flashed on the screen.

Robin Hu 40:04

Okay, fine. Then I'll stop there and ask you to ask questions. Who wants to go first? Steven, go ahead.

Steven (Audience Member) 40:11

I think the threat, Robin, you mentioned on excess capacity is one that the US faces as well as all of the middle powers. And their G20, or I should say G14 statement, I think came out yesterday, is where the US is aligning with countries like Canada, the EU, on that there is a need to stop China when it comes to certain sectors, to Bilahari's point, on EV, battery, foundational semiconductors, and the like. So do you see that the United States is going to recognize it needs to work with the middle powers, the middle powers recognize it has to work with the United States to balance China, and that we are going to not have some middle powers, but we're going to go back to some way of the old global rules-based system in which the US will again be a part of it?

Robin Hu 40:57

Okay. Hans, do you have a question?

Hans (Audience Member) 41:02

I will oblige, Robin. Sure. Instead of looking and trying to set up new institutions, yeah, like—okay, but what about to what extent can the middle powers actually revive and make these current institutions we have improve and make function again? For example, the WTO. Why invent a new trade organization if we have one? And what can we do about it?

Robin Hu 41:36

Excellent. Alok, do you have a question?

Alok (Audience Member) 41:38

I have an observation, actually.

Robin Hu 41:41

Right. Gentleman over here.

Alok (Audience Member) 41:43

I have an observation, actually. It's been really invigorating. But the point is that if you look at behavior of hegemon, as you call them, you're right, that behavior pattern is unlikely to change in our lifetimes. And that may sound exaggerated, but do you really see a new order out of China? Or do you see a new way of looking at the world other than in the US? I don't see that. And I would really request all of you to comment kind of on that. Are things really going to change? And if that is true, then these middle powers will gather momentum over a period of time.

Robin Hu 42:24

Thank you, Alok. Gentleman over here.

Barrett Bingley (Audience Member) 42:29

Thank you. Barrett Bingley with the Asia Pacific Foundation of Canada. My question is about, if the middle powers are successful in creating some sort of variable geometry, creating new organizations, how will China react, right? We haven't really talked about that. China's not going to sit back. They have their four civilizational initiatives. What's the next step?

Robin Hu 42:49

Got it. Got your question. Is there one more? Okay, I'm going to take one more, and that's it. Okay, Tammy, you've got one. Okay, gentleman over here. Yeah. Okay, never mind. We'll take a few more minutes.

Daniel Moss (Audience Member) 42:58

Yeah. Hi, Daniel Moss, *Bloomberg Opinion*. Paul, you raised the point this current moment will outlive the present administration in Washington, but can this movement that you've described outlive the current moment in Canadian politics? At some point, Carney's political capital will wane. It just happens. Quebec separatists have just taken power. There's a prospect of a referendum in Alberta. Is Canadian politics united on this front?

Robin Hu 43:32

Thank you. Thank you, gentlemen. One last one at the back, and that's it. Okay.

Tammy (Audience Member) 43:37

Thank you very much, Robin. I'm Tammy from the *South China Morning Post*. I do agree with the secretary, talking about activities and results or outcome are two completely different things. So right now, there are also a lot of activities talking about middle powers, what middle powers should do or can do or are doing. But eventually, China, actually, we all know China is resetting—setting a new world order according to the Chinese values or Chinese principles. And will that inevitably lead to two parallel kinds of a world order in the world? And is it possible for middle powers or some countries to divide or to separate economy and politics? Or economically you can cooperate with China, but politically, geopolitically, I still got it with the US, which China will not accept. So, I would like to hear from all of you, your takes. Thank you.

Robin Hu 44:53

We've got many questions. Take and pick what you want to ask. Time is up, but take one minute, answer any question you like. Starting with Paul.

Paul Thoppil 45:02

Okay. Steve, I was heartened by what happened in the United States at the G20, that all members other than China had agreed to that. So, a recognition that the United States, notwithstanding the headlines, is still acknowledging the issue and has mobilized with others a way forward. So, and that will continue. I don't expect that to dissipate regardless of the administration. So, a bit of a note of optimism there. On the WTO, Ottawa, Canada has been leading something called the Ottawa Group, which is a number of countries that are looking at how can we reform the WTO. And that hasn't ended just because of the lack of challenge within. I'm seeing increasing interest to join the Ottawa Group and moving forward. On the notion of great powers and what do we do with their actions, I just want to step back to say and remind everybody about what the middle powers are trying to do. It's variable geometry on an issue-by-issue basis. As my prime minister said at Strasbourg, the agenda is not to become a great power, only with better manners. That's not what we're trying to do. We are just trying to mobilize in order to risk-mitigate actions by hegemonies. That is our objective, by utilizing the capabilities that exist among the middle powers, where each country has gaps in terms of that. So, if we get the CPTPP-EU alignment right, that's 30 percent of the world's GDP, and that will be a bit of a risk mitigation related to potential economic actions by either the United States or the EU. Daniel, on Carney, it's amazing. He's the most popular prime minister in Canadian history based on polling. Seventy percent of the country is in support of what he is doing. That's unprecedented. In a liberal democracy, it's very hard to have that sustained. You know that well, in any other country. And that's why he's a man on a mission. More than half of his time has been abroad in terms of advancing that middle power agenda, engaging with other states. Are there challenges domestically? Yes, there are. But I will put my money on Carney.

Robin Hu 47:50

Yeah. Paul, I think I have to cut you off there to move on to Adam, if I may. Adam?

Adam Ward 47:55

Yeah, just two points. One on the question of great powers. Regardless of what efforts the middle powers go to reassure the US and China that this is not a hostile act, that they're still wanting to be friendly and to engage, it's just a practical matter of geopolitics that the emergence of a counterweight is not in the interest of either the US or China. So therefore, the middle power moment is not going to happen in some sort of a vacuum, but there may be active attempts to preempt or to subvert it in some way. And then on the question of how wide open is the window for the middle power moment, which plays into some of the political questions we are asking, I would just remind people that the key middle power in Latin America, Brazil, is now going to have a right-wing president, very likely, which is going to be more aligned to the US rather than to any other middle powers. In Europe, we're looking at a situation where in France and Germany, as well as perhaps in the UK, we could be moving towards more rightist governments who do not buy into the agenda that we've been discussing here today. So, these are important, pressing matters, and they suggest the window may be less wide open than we think.

Robin Hu 49:13

Well, there's a few questions on world order. I'm going to ask my friend Peter Harrell to wrap it up for us.

Bilahari Kausikan 49:18

Very quickly. First, I agree with Adam. For every action in geopolitics, there is a counteraction and this is not going to change. So, you don't expect China or the US to sit idly by. There will be common interests, as we saw in the G14, is it? But that's not the whole story. Last point about world order and China. China is not an alternative. It provides no viable alternative, and I don't think it is really providing an alternative. These global civilizational, global development initiatives and so on, these are really anodyne slogans which do not have much content. China is part of the existing order. It is wrong to think of order being defined by consensus. Throughout history, order has been defined by contention and efforts to make it less dangerous, and that's where we are. So, China, as I said, when we talk about rules-based order, I always ask myself which selection of rules, which interpretation, and for what purpose. And China is part of that same broad point. I'll stop here because we've run out of time.

Robin Hu 50:32

Well, ladies and gentlemen, thank you very much.

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