EXECUTIVE SUMMARY
The Asia Pacific in 2015 and in the next years will be a region where political fluidity and a substantial lack of defined power hierarchies may cause sudden geopolitical changes. The growing relevance of the Asia Pacific draws the attention of the main global players on the South China Sea, one of the most likely hotbeds of a future crisis. In this scenario should be included the struggle/meeting of the Chinese and US hegemonic ambitions over the region, even if these ambitions should take into consideration a wide amount of other bi- and multilateral (usually contrasting) relations.

The political situation can be analysed considering two different levels, the internal and the external or geopolitical level. The third level of analysis is the security one.

In 2015 some trends on the internal level have been confirmed: the military still firmly controls Thailand; in Myanmar, despite the elections, the military is still very powerful and in Malaysia the Prime Minister himself has been rattled by a financial scandal. In the Asia Pacific a wide variety of different political systems will continue to coexist.

The external or geopolitical level presents a subtle but stable challenge for the regional hegemony, in an area where power is fluid and in absence of a solid supranational institution. US and China are the main competitors; around them many other regional states gravitate as satellites, looking for their own geopolitical position, trying to harmonise economic growth, (usually conflicting) security perceptions and the defence of national sovereignty on their territories (sometimes disputed). The focus of all the disputes is the South China Sea. Lack of mutual trust, uncertainties for the future, weakness of regional politics – despite promising estimates of economic growth – are not easing the tensions, but they contribute instead in creating mutual mistrust and suspicion. Recent history (especially the legacy of the Second World War) is a cumbersome weight, and another element of regional disharmony.

The security level shows three main issues:
- the general feeling of uncertainty fosters the increasing of defence expenditure (the main example is Japan) and the strengthening of bilateral relations between some countries;
- North Korea is still a nuclear state and soon the fifth year of the “Kim Jong
SITUATION
As the previous years, 2015 has been a year of transition, without crucial events able to decisively influence or to provoke a radical change in the balance of power of the Asia Pacific. Outside of this region, China has consolidated its strength on many levels, such as defence (shown in the parade of 3 September 2015), politics (the bilateral meeting with Taiwan, the visit in Vietnam) and territorial issues, with the enlargement of Mischief Reef island in the South China Sea. The US reply to these position ignoring China's territorial ambitions in favour of freedom of navigation and trying to consolidate political and defence cooperation with some states of the region, especially long standing US allies (South Korea, Japan, Australia, the Philippines, Taiwan). It is clear that these actions of Beijing and Washington have a direct effect on the whole geopolitics of the Asia Pacific.

On the internal level many democracies have suffered in 2015. In Thailand, after the coup d’état of May 2014 the armed forces have suspended the civilian government and are still in power; currently there are no signs of political transition. In Myanmar there are many expectations for the political elections (scheduled in November) even if they are unlikely to provoke any real change. The military in the country is still strong and there is a fierce ethnic-religious rivalry between the Buddhist majority and the Muslim minority. In Malaysia between August and September, Najib Razak, the prime minister, has been involved in some scandals that have shattered his Party and the whole country; several senior Malayan political leaders – as well as civil society – asked Najib Razak to resign.

On the geopolitical level, the Association of Southeast Asian Nations (ASEAN) is still a weak supranational organisation, while the tensions in the South China Sea still persist; the latest (artificial) enlargement of a Chinese atoll, the Mischief Reef, has lightened up the situation.
This atoll can be a perfect military hub for China in the contested waters. Despite a promising regional economic outlook, there is no doubt that the increase of trade and the economic growth are not enough to ensure political stability; there is still a trust and political vacuum that, right now, seems impossible to fill. There are many difficult bilateral relations (i.e., China-Vietnam, China-Japan, Japan-South Korea, North-South Korea...) that many times involve also territorial disputes.

Due to the lack of integration, cooperation and the sense of mutual distrust, many states are increasing their bilateral agreements; many of them imply also military and industrial provisions. It is no secret that many of these agreements are negotiated to counter China's regional ambitions. These new interregional relations are a consequence of the US approach to the Asia Pacific. Washington is facing a security dilemma, balancing the need of a stronger “regionalisation” (burden sharing) of defence costs and responsibilities or being more “active”, directly deploying US units in the area, a costly option. Finally, migration is another issue; in the recent months, a stronger flow of migrants, mainly from Bangladesh and Myanmar, is creating many troubles to Thailand, Indonesia and Malaysia.

The lack of a clear geopolitical balance and the mistrust among the states have some effects on the security level: a direct effect of this geopolitical climate is the constant modernization and upgrade of the different militaries. Aside from known examples, such as Vietnam, the case of Japan has been emblematic in 2015, especially due to its new law which allows the Japanese military to operate beyond the national borders and also to support Japan's allies. The Philippines are still weak, despite the modernization of the navy and the air force. DPRK did not test any nuclear weapon (the last test was in 2013) but tested some ballistic missiles also from a submarine (it seems). The nuclear threat is therefore a dark shadow over the Korean peninsula. Terrorism is still a relevant threat despite the lack of spectacular attacks; the last event in Bangkok (17th August 2015) seems to show some links with China; however, police forces and intelligence agencies are monitoring carefully the evolution of terrorism in the region.

**OUTLOOK**

Uncertainties, the weakness of supranational institutions, bilateral agreements and a constant US-China rivalry will be the main features of the next years in the Asia Pacific, until an internal or external event will not radically change the situation. The whole region could therefore slide towards an open confrontation (worst-case scenario), evolve towards a more tight cooperation and stability (win-win scenario, usually quoted by politicians but difficult to
implement), move towards a “block system” (probably a US-led alliance facing a China-led alliance) or, as it looks more likely, keeping the current status quo where a generalised economic development will remain based on a fragile geopolitical balance. Oceania as a continent (apart from some cases such as Papua New Guinea) seems more stable, but it will be deeply influenced by the power dynamic of the Asia Pacific, and especially by Beijing's moves. ASEAN is weak and unable to speak with one voice; due to the diffidence and the divisions between its members, it is unlikely that ASEAN will increase its political weight. The whole region is therefore exposed to many internal and external factors, from (geo)politics and security to new challenges such as migrations or climate change.

On the political level, beside the “rollback of democracy” of some states (as Thailand or maybe Malaysia, according to some analyses), there is no doubt that many variables are open, and they will influence, from the inside, the evolution of the states of the Asia Pacific in the next years. In many Asian states many issues are still open such as governments' stability, a growing amount of population (and migrants), expanding cities, unplanned urbanization, transports, pollution, nation-building, ethnic minorities and their social and political integration, economic development and strengthening of the political systems. When comparing to the past, today's masses are more aware of these issues, due to the increasing level of literacy (also in the digital sphere) of the new generations, and the emergence of a new middle class that reacts against some “old style” attitudes, such as corruption, nepotism, cronyism, traditional parties and limited social mobility. The harmonization of these issues is one of the main challenges for the whole region, and these problems will require multi-layered answers that are difficult to implement on a short term. Another result is the strength of democracy: despite the democratic evolution of some states (as Indonesia, for instance), democracy should not be considered as a final political stage: authoritarian involutions are always possible, as some cases have shown. Therefore, in the Asia Pacific there will continue to be a wide array of different political systems, from the North Korean “family totalitarianism” to western-style democracies. Eventually, the challenge of migration is still an open question for many societies, and it is already shaking the internal debate in many countries.

The multifaceted nature of the Asia Pacific has many implications on the geopolitical level. As time goes by the region is assuming a new centrality as a future trade hub; this development is one of the main reasons behind the US-sponsored Trans Pacific Partnership (TPP) and the new interest for Asia of the European Union trade strategy.
The South China Sea is the main geopolitical pivot; from one side China will try to consolidate its positions, while many other states will try to play the same game or to oppose this behaviour, even negotiating alliances with other states or calling for – directly or indirectly – the US assistance. Washington, despite a wide and traditional network of allies, has to manage a complicated situation: the Philippines are politically and militarily weak, South Korea is strengthening its relations with Beijing and the behaviour of Japan is (re)opening old and painful wounds, able to create a rift also on the pro-US side. Vietnam is not an ally of the US but the relations between the two countries are currently very close. The open disputes (both on land and at sea) will not solve easily, and they will rattle both the masses and the various diplomacies; in this scenario, ASEAN has a very limited room for manoeuvre.

On the security level many options are open, spanning from the open military confrontation (unlikely) to a full stability. Whilst a wide-scale conflict looks unlikely, there could be limited tensions in many areas, such as the disputed islands or the Korean peninsula; probably these confrontations will involve the use of paramilitary assets, such as Coast Guard units. The use of these units will avoid a “full” military action and reply. These paramilitary assets and the rule of engagement are lacking in many countries, apart from China, the US, South Korea and Japan. To fill this gap, many countries are investing in these capabilities, mainly naval assets, aircrafts and, in some cases, submarines. Defence export will be a relevant driver in the region, and will help strengthen historical ties, as the Russia-Vietnam case, or will pave the way for new cooperation, such as the new joint developments for submarines (Japan-Australia) or the possible South Korean export in the Philippines. Japan's rearmament and Abe's “dynamic” approach to security and defence will be one of the main issues of the next years. Tokyo will try to “normalise” its defence, but there is a high price to pay; many elements of Japanese civil society, as well as neighbour states like China or South Korea are worried by this new trend.

DPRK's nuclear arsenal is another open issue, and a source of destabilization for the whole Asia; until today multilateral initiative or moment of dialogue have been scarce. DPRK is a fragile and isolated country; the risk of a collapse of the State and some new nuclear developments (maybe another test?) are scaring perspectives. The latter is a well-known trick to extort energy and food aids, desperately needed in the country. Denuclearisation of DPRK, seems to be a far option, despite the hopes of many countries. Terrorism and its threat is present but silent, and it could pop up anytime. ISIS and the other terrorist organisations can count on a limited but dangerous
amount of fighters and sympathizers, and they are a real threat for many states of the region, including China (especially worried for the Xinjiang region). The police and intelligence cooperation must be developed and implemented in the region.

Many new challenges are rising; many of them are not “military challenges” *strictu sensu*, but could have an impact on the national security of the states; it is the case of migration or the growing difficulties in managing the ethnic minorities.

Finally, aside of this shaking and complicated Asian scenario there are Australia and New Zealand, which are closely following China's military developments; the other islands of the Pacific Ocean are still passive bystanders of the transformation of the whole Asia.